



COMMITTEE NAME: CABINET

19th OCTOBER 2017

DIRECTOR OF FINANCE: DAMON LAWRENSEN

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: COUNCILLOR
ROBIN BROWN**

Subject:	Update to Medium Term Financial Plan
Recommendations:	<p>That the Cabinet:</p> <ul style="list-style-type: none"> I. Notes the continuing financial context that the Council is operating in; II. Notes the half-year update on the financial position in the MTFP; III. Delegate authority to: <ul style="list-style-type: none"> i. commence consultation on the proposals numbered 1 on pages 9-12 of this report to the Director of Children’s Services in consultation with the relevant Portfolio holder; ii. commence consultation on the proposals numbered 2 on pages 9-12 of this report to the Director of Adult Social Services in consultation with the relevant Portfolio holder; iii. commence consultation on the proposals numbered 3 on pages 9-12 of this report relating to the Commercial Director in consultation with the relevant Portfolio holders; iv. commence consultation on the proposals relating to Libraries and the impact of Childrens’, Families and Education Services numbered 4 on pages 9-12 of this report to the Commercial Director, together with the relevant Portfolio holder/s. v. commence consultation on the proposals relating to Public Health and Wellbeing services set out in Appendix B to this report to the Commercial Director in consultation with the relevant Portfolio holder. vi. commence consultation on the proposals numbered 6 on pages 9-12 of the report to the Chief Executive in consultation with the relevant Portfolio holder/s. IV. Delegates to the S151 Officer, in consultation with the Portfolio Holder for Finance, the authority to proceed with an application to the Government to become part of a 100% Business Rates Retention Pilot (as part of a Northamptonshire pool) within

	2018-19, including the authority to agree the financial and governance aspects of the partnership arrangement with the other local authorities in county within the proposed pool for this pilot.
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1. Purpose of report

1.1 To outline the challenges and pressures the Council is facing over the medium term, to refresh the assumptions in the Medium Term Financial Plan (MTFP), and to outline proposals to meet these challenges and deliver the Council Plan. The report also gives details of the 100% Business Rates Retention pilot which the Council has the opportunity to apply for.

2. How this decision contributes to the Council plan

2.1 The Council’s vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of our county’s communities and/or safeguarding the county’s communities.

This initiative specifically delivers increased wellbeing and/or safeguarding by ensuring that:
<ul style="list-style-type: none"> • People of all ages are safe, protected from harm and able to live happy, healthy and independent lives in our communities. • People have the information and support they need to make healthy choices and achieve wellbeing. • People achieve economic prosperity, in a healthy, low carbon economy which gives access to jobs, training and skills development. • Communities thrive in a pleasant and resilient environment, with robust transport and communications infrastructure. • Resources are utilised effectively and efficiently, in coordination with partners and providers.

3. Background and context

3.1 This report gives an overview of the strategic direction of travel of the Council in the context of the current economic climate. It includes an overview of the existing challenges, risks and burdens and their impact on the MTFP.

3.2 NCC’s vision is to “Make Northamptonshire a great place to live and work” thus ensuring the wellbeing and safeguarding of the residents and visitors to the county. Critical to continuing to make our vision a reality is the delivery of the NCC Outcomes Framework, as outlined in the Council Plan.

3.3 The Council is focusing on the Digital Northamptonshire work programme as it moves through the remainder of the current year and into 2018-19. This is entering its delivery stage and builds upon established Next Generation Working principles to ensure that end to end business processes are fully exploiting existing technology.

3.4 Ever closer working with the NHS in Northamptonshire is also being undertaken on the delivery of the Sustainability & Transformation Plan (STP).

3.5 The Medium Term Financial Plan (MTFP) for 2017-18 to 2020-21 was approved by Council on 23rd February 2017. An overview of the MTFP is shown below.

Directorate	Base £m	Service Pressures £m	Savings £m	Gross Budget £m	Income £m	Net Budget 2017-18 £m
People						
Adults Social Care	194.3	33.9	(25.2)	203.0	(49.8)	153.2
Children, Families & Education	147.2	26.8	(16.3)	157.7	(24.2)	133.5
Public Health and Wellbeing	53.5	0.1	(2.6)	51.0	(45.8)	5.3
Total People Services	395.0	60.8	(44.1)	411.7	(119.8)	292.0
Place Services	125.6	1.7	(9.8)	117.5	(36.4)	81.1
NCC Group – CE Services	67.3	0.4	(3.9)	63.8	(19.9)	43.8
Total Service Budget	587.9	62.9	(57.8)	593.0	(176.1)	416.8
Dedicated Schools Grant and other Schools Income	220.2	0.0	0.0	220.2	(220.2)	0.0
Overall Total	808.1	62.9	(57.8)	813.2	(396.4)	416.8

Table 1: Directorate Allocations, NCC MTFP for 2017-18 as at February 2017.

	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
Base Gross Budget	804.1	813.2	821.0	813.6
Technical Adjustments to Changes in Income & Grants	4.1	(1.0)	(1.1)	0
Adjusted Base Gross Budget	808.2	812.3	819.9	813.6
Unavoidable Service Pressures	62.9	21.1	21.5	19.4
Savings Proposals	(57.8)	(12.3)	(27.9)	(17.8)
Gross Expenditure	813.2	821.0	813.6	815.2
Total Service Income	(396.4)	(395.8)	(381.8)	(379.4)
Net Budget	416.8	425.2	431.7	435.8
To Be Met By				
Central Grants and Contributions	(12.4)	(13.2)	(19.9)	(19.9)
Government Base Funding	(125.1)	(113.7)	(104.5)	(96.4)
Council Tax and Collection Fund	(279.3)	(298.3)	(307.3)	(319.5)
Total Budget Funding	(416.8)	(425.2)	(431.7)	(435.8)

Table 2: Total Revenue Expenditure and Funding 2017-18 to 2020-21 as at February 2017.

3.6 Since the budget was set there have been a number of changes, both to the Council's operational environment and to the wider economic outlook. Therefore it is prudent at this time to review and refresh the details of the MTFP.

3.7 The snap general election in June 2017 has resulted in a new government being elected. Since the election there has been a change in the Government's

legislative programme. The public sector reform that was previously anticipated is no longer on the agenda. This diminishes the likelihood of local government reorganisation; so a single Unitary Authority for Northamptonshire is now considered to be unlikely. The MTFP was predicated on Northamptonshire becoming a Unitary Authority, therefore if this is no longer considered likely then these assumptions will need to be reviewed. The benefits of being a unitary would include a reduction in recycling credits and being able to charge for green waste, as well as reduction in potential duplications and delays.

- 3.8 The referendum on 23rd June 2016 resulted in the decision for the United Kingdom to leave the European Union. The negotiations on the exit arrangements are ongoing and therefore there is added uncertainty in the economic situation until the conclusion of these negotiations. The degree of impact, along with the timescales of any implications of the decision to leave the EU are still to be determined. The implications on population demographics are also unknown.
- 3.9 Given the points set out above it is important, prudent and good management practice for the Council to undertake a refresh of the MTFP and the assumptions contained within it. This report is part of an ongoing process to review the MTFP and ensure that the Council has taken the appropriate interventions to allow it to deliver a legal budget. As each year gets tougher to deliver, all proposals and assumptions require monitoring and validation as part of an ongoing process.

4. 100% Business Rates Pilot 2018-19

- 4.1 In October 2015 the Government announced its commitment that local government should retain 100% of business rates raised locally. This would amount to an additional £12.5 billion of revenue from business rates for the local government sector. The Government also said any reforms to business rates would be fiscally neutral and in addition to delivering its existing responsibilities local government would take on new responsibilities to reflect any additional tax income.
- 4.2 On 1st September 2017 the Government proceeded with this agenda and issued an invitation to all local authorities to express an interest if they wished to become a pilot area for 100% Business Rates Retention in 2018-19. Applications are to be made as part of a Business Rates pool, and as such, this is something that the Council is currently exploring, in conjunction with the local Borough and District councils within Northamptonshire. The key elements of the pilot scheme are:
- All authorities have been invited to participate as a Business Rates Pilot for 2018-19;
 - 100% pilots will retain all locally-collected Business Rates;
 - As a minimum, authorities will forego the Revenue Support Grant and Rural Services Delivery Grant;
 - The system will not have a levy on growth;
 - The creation of the pilots will be “fiscally neutral” at baseline, but authorities will gain from retaining 100% of any above-baseline growth;
 - Pilots will have a safety net at 97% of Baseline Funding Level (for the whole pilot instead of the current 92.5% for an individual authority);

- DCLG has not decided whether there will be a “no detriment” clause, whereby the pilot as a whole cannot be worse-off than under the existing 50% scheme.

4.3 It is unlikely that all applications for pilot status will be successful because of Government affordability constraints. Therefore it is anticipated to be a competitive process, measured against the following criteria:

- Applications should cover a functional economic area.
- Preference for applications from two-tier areas. Pilots will not be limited to two-tier areas, although the split between counties and districts is something the DCLG clearly wants to explore.
- Proposals would promote financial sustainability. The DCLG wants pilots to show how they can be more self-reliant and require less support from the national safety net.
- Evidence of how pooled income from growth will be used across the pilot area. The DCLG wants to see how (potentially considerable) financial gains will be used. Of principal concern is that gains are used within the pilot to mitigate risk, and to reduce the reliance of individual authorities on the national safety net. Applications for pilot status will need to demonstrate that there would be arrangements in place to share risk and reward. Additionally, the DCLG wants to see how pilots would invest “some retained income from growth to encourage further growth across the area”.

4.4 The deadline for applications is the 27th of October. Decisions about successful pilots are anticipated to be made in the provisional finance settlement, which is expected to be announced in December 2017.

4.5 Northamptonshire is a significant growth area, and it is anticipated that becoming part of the 100% Business Retention Pilot in 2018-19, would be financially beneficial to all of its local authorities. Therefore, over the next few weeks detailed financial modelling and risk assessments will be undertaken to quantify the anticipated financial benefit that this pilot could bring if all Northamptonshire local authorities decided to participate in this pilot; and subject to positive due diligence, an internal financial and governance agreement will be produced between all authorities within the proposed pool, so the risk and reward elements can be formalised.

4.6 Therefore Cabinet is asked to delegate authority to the Section 151 Officer, in consultation with the Portfolio Holder for Finance, for the authority to proceed with an application to the Government to become part of a 100% Business Rates Retention Pilot (as part of a local pool) for 2018-19 if it was anticipated to be financially beneficial to the Council, including the authority to agree the financial and governance aspects of the partnership arrangement with the other Northamptonshire authorities within the proposed pool for this pilot.

4.7 The Government's Fair Funding Review is ongoing and any implications of this review on levels of funding are unknown at this stage.

5. Revenue Outlook

Current Financial Position

- 5.1 The forecasted financial outturn position as at the end of Quarter 2 is an overspend of £11.965m. The reported pressures are predominantly driven by increases in demand led care budgets within both Children's Services and Adult Social Care and budget delivery risk on Asset Management related savings. These are offset in part by Corporate Service savings identified as part of the management intervention programme including further review of balance sheet items and reserves. There has been an initial review of potential pressures with any impact to future years included as part of the MTFP refresh. This work is ongoing during the budget setting process and the updated position will be included within the Draft Budget Report in December.
- 5.2 Since quarter 1, monthly progress reports have been presented to the NCC Group Management Team and to the Corporate Leadership Team (CLT). Emerging pressures are being regularly monitored, and interventions taken in order to deliver the budget for the current financial year.
- 5.3 The refresh of the Medium Term Financial Plan, as set out in the rest of this document, is predicated upon the delivery of the 2017-18 financial year within budget. This is being managed through non-recurrent mitigations, and management actions. Any mitigations required to deliver the 2017-18 position will be reported to Cabinet through the Quarterly Finance Reports.

Refresh of the Medium Term Financial Plan

- 5.4 Given the recent developments as set out within section 3 of this report, in order to be prudent, the Council has undertaken a detailed review of the judgements and assumptions which underpin the MTFP.
- 5.5 This has included reviewing and refreshing the financial assumptions and growth requirements linked to inflation and demography, amongst other areas. This initial review is ongoing and will be fully developed into the Draft Budget to be presented at December Cabinet. Further zero-based budgeting will also be undertaken, building on the work that has been completed to date.
- 5.6 The effect of societal and economic changes on existing proposals has also been assessed and continues to be assessed, with current emerging service pressures factored into the revised MTFP position.

Funding

- 5.7 The Council's funding assumptions are under review. This includes reviewing the Council's Business Rates and Council Tax modelling, which is dependent upon

the latest information available from the local Borough and District Councils. This will be incorporated into the MTFP for the Draft Budget in December, along with the implications of the draft local government funding settlement announcements on specific Grants and the Government's Budget announcement on 22nd November. The Draft Budget in December will also incorporate the outcome of any application by the Council to become part of a pilot scheme on 100% Business Rates Retention, as set out in section 4 of this report.

Assumptions on Pressures

5.8 Over and above the changes arising from national funding positions and general inflation, there are local pressures that arise from changes in client service demand, local demographic trends, as well as the identification of new, individual service pressures that need to be factored into the MTFP.

5.9 In addition, the current financial year presents challenges in the delivery of 2018-19. Whilst every effort is being made to minimise the impact on 2018-19, the size of the challenge makes it difficult to quantify the pressure moving forward. The funding challenge will be updated to take into consideration the potential impact on future years' budget planning as announcements are made. The revised MTFP taking into account the updated assumptions and pressures is as follows:

	2018-19 £k	2019-20 £k	2020-21 £k
Risks to existing proposals (5.10)	6,320	28,872	15,680
New pressures (5.11)	6,247	1,039	1,197
17-18 Delivery impact (5.12)	24,702	-1,333	0
Proposals identified in 5.16 – 5.24	-9,565	-839	-486
Revised MTFP Gap	27,704	27,739	16,391

Table 3: Revised MTFP to 2020-21

Memo item – Identification Risk:

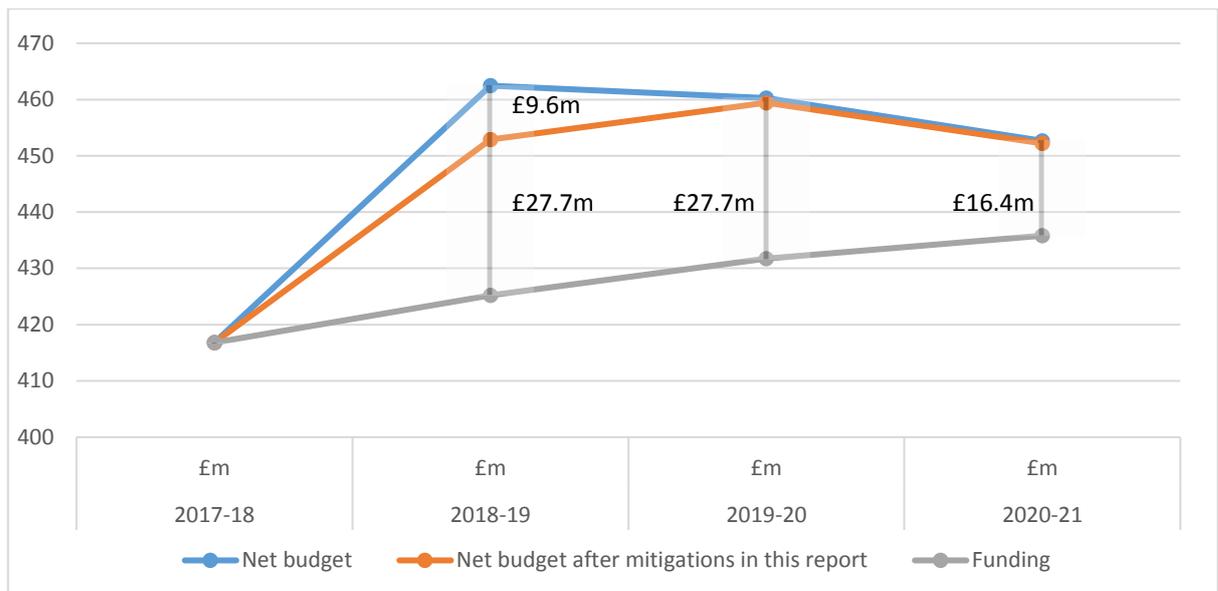
Improved Better Care Fund (5.13)	7,555	14,408	0
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5.10 The line relating to risks to existing proposals within Table 3 refers to known variations to the future years' proposals within the existing MTFP due to changes in financial and operational circumstances since February 2017. This includes the removal of proposals relating to the Council becoming a Unitary Authority (£10m in 2019-20 and 2020-21) as this is now considered unlikely, as set out in paragraph 3.7. The proposal to develop a renewable energy facility (£10m in 2019-20) has also been removed. This line also includes changes due to the refresh of demography and inflation figures in relation to existing proposals.

5.11 New pressures which have emerged since February 2017 have also been included within the table. This is predominantly due to additional pressures within the Treasury Management budget.

5.12 The actions and mitigations taken to deliver the 2017-18 budget have also been factored into the future years' position. The mitigating actions taken in-year are outlined further within the Quarter 2 Finance Monitoring report which is a separate item on the Agenda for October's Cabinet meeting.

5.13 The memo item underneath Table 3 relates to the Improved Better Care Fund (IBCF). IBCF grant allocations were increased by Government as part of the Spring Budget, however it is not yet known if the Council will have additional new burdens to be funded from this additional allocation. Therefore this is listed as a memo item at the present time.



5.14 It is quite clear that the magnitude of savings required for the period 2018-19 to 2020-21 will require a further significant change programme. To give focus and assist Members in the setting of the budget for 2018-19 onwards to 2020-21, the management team together with Cabinet have developed the following common themes;

Delivery Model	Financial Sustainability	Commissioning	Workforce Strategy	Partnership & Innovation	Enablers for Change
Simplified Delivery structures & Models	Fairer charging strengthened	Market management & Opportunity	Staffing models and recruitment	New Funding models & sources	Automation to drive cost reductions
Shared resources	Strong financial control	Strengthened & Strategic commissioning	Working hours reflect demand	Health joint working & Plans	Shared utilisations of Assets and Capital Programmes
Reduced scope of Services	Clear income & debt strategies	Reduced spot purchase		District and Borough joint delivery	
From provision to influence	Subsidies policy				

Demand Management
Manage Expectation of our role and contract with residents, **Prevent** the need, **Reduce** the level of services needed/ dependency, **Delay** escalating need for services

5.15 Over the coming months, Cabinet will be asked to approve a number of budget proposals within each of these areas in order to close this gap, and to enable consultations to commence. These proposals are set out from paragraph 5.16 onwards, with further detail on each proposal shown within Appendix A.

5.16 Optimum Service Delivery

We need to simplify our delivery structures and models to remove duplication, unnecessary oversight and management and ensure the right services are delivered in the right place (for customers) at the right cost. Services based on statutory duties or grant funded will be maintained but we will scale the rest of our services to what we can afford or will support communities to provide. The optimum mix of duty, quality and cost will be achieved.

Options	Number	Implications	Indicative Saving £k
Centralisation of Communications	5	All staff engaged in Marketing and Communications across all services will be centralised and provided as a service back to the Divisions with a reduction in staff numbers.	155
Trading Standards	3	Review the duties, responsibilities and standards of service delivery provided by the Trading Standards Service with a reduction of approximately 16 staff and focus based on risk and priority, and less preventions.	600
Redesign of Libraries	4/3	Three options are being presented for consultation. The range of savings are shown for information. Appendix C to this reports presents the methodology used that informed the three options. Analysis included indicative analysis of library use, distance to services and the optimum use of staff, buildings and Council locations.	Option 1 £290k Option 2 £619k Option 3 £1,226k
Review of Highways – Highways Maintenance (Kier WSP)	3	Tranche 1 - reduced weed killing treatment, reduction in road marking maintenance, targeted traffic signal maintenance, reduced travel mode support campaigns and road safety education. Remove parish enhancements highways activity and reduced capital spend on traffic management and supply chain. Staff implications for Kier. Tranche 2 takes this further to reach the total saving.	1,160
Management of the Tiffield site	3	Return of the management and liabilities for the Tiffield St John's site to its owner, generating savings on the property running costs and services. The tenants would be party to the new arrangements and long term plans with the owners.	235

First Point of Contact Modelling	1	Greater use of signposting for appropriate help and less telephone contact. Some of this is process improvement but it is also considered that there is scope for reducing staff costs in this area.	500
Contract Review	1	Children's service provision and location review and contract reductions, this will include a reduction in funding for support services countywide and children's centres services in Corby.	692

5.17 Demand Management

We need to consider how we avoid demand that's preventable, remove demand from our failure to do something and create greater ability for people to manage or meet their own demand. This requires changing expectations and behaviours.

Options	Number	Implications	Indicative Saving £k
Digital Northamptonshire	5	Less telephone access based on a greater move to online and digital service based on £4 per telephone/ manual transaction vs 30p for a fully digital transaction. Reduction in licensing costs for applications and development costs by using LGSS.	75
Customer Service Centre	5	Reduce opening hours of the Customer Service Centre from 8am-6pm to 9am-5pm	66
Winter Maintenance	3	Reduced stock levels of salt based on typical demand, reduced winter gritting to 32% of the network, charges for parishes for filling grit bins, and shortening committed winter service and staff stand-by costs.	475
Increase in targeted In-House Foster Carer recruitment	1	As a Council the proportion of Looked After Children (LAC) in-house foster care placements as opposed to Agency placements is low. In-house foster care placements are lower cost and therefore more sustainable. Sustained campaign for take up.	150

5.18 Marketing and Commissioning

We need to strengthen commissioning and procurement decisions, ensuring we manage the market and providers tightly, control inflation and overspend and renegotiate effectively to get value for money or for our providers to deliver better outcomes at reduced costs with risk and reward based contracting where possible.

Options	Number	Implications	Indicative Saving £k
Effective Commissioning services and focused prevention vehicles	5	Reduce all strategic and corporate commissioning capacity bar one post so all commissioning resources are based close to front line services and responding to their need. Single corporate lead for Health interface and cross cutting schemes. Reduced horizon scanning and strategic ability.	250
Targeted Contract Efficiencies	1	CFE right sourcing of services and all activity to reduce the duplication of services. A full review of need and service provision will enable a refocused service delivery and a reduction in providers and spend. This will include services to support SEND.	250
Reduce Consultancy Spend	5	Review and/or stop all consultancy spend where no risk/reward, no associated income, or where not part of paid for establishment capacity. Ensure in-house skills are utilised and only bring in consultancy capacity if we can't recruit.	486

5.19 Financial Strategy and Income

We will review the services we provide and their cost and reduce or stop services that are discretionary. We will charge fairly for our services and in line with other authorities and partners and we will seek to improve our financial controls and management so we reduce debt and optimise income collection.

Options	Number	Implications	Indicative Saving £k
Review of bus subsidies	3	The removal of subsidies for bus services where there is no statutory duty to provide them - this could impact on local economy, congestion and integrated transport options and on rural services unless the existing or new provider will continue without subsidies. Would also include the County Connect and Call Connect Service.	1,054
Negotiation on joint Health funded packages	1	Negotiation with Health colleagues in relation to joint funded packages for nursing elements where NCC should not be contributing to this part.	250
Remove subsidy to Royal and Derrigate	3	The subsidy provides match funding for a further grant the Royal and Derrigate receives from the Arts Council, but it is not statutory expenditure.	100

Review of non-statutory expenditure	1	Review of Children's expenditure that, whilst not statutory, contributes to fulfilling a moral obligation to support children and families that are not able to access support from elsewhere.	500
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5.20 Workforce Strategy

We need to size our workforce to meet need and be creative in how we recruit and retain talent without incurring additional cost. We should avoid agency and locum staff, instead investing in the longer term workforce development to deliver our plans. We need to increase productivity and self-service and work in modern ways and at times which meet business need.

Options	Number	Implications	Indicative Saving £k
International Social Worker Recruitment	1	Children, Families and Education management are using a company who recruit Social Workers from South Africa and help them with settling down in England in permanent roles and reduce the reliance on and the cost of agency staff.	310
Agency Staff Conversion	1	Children, Families and Education management reviewed the roles where high Agency rates were paid and developed an offer for Agency staff to convert to permanent contracts. This offer was made to approx. 70 staff and 40 accepted. This is the 2018-19 full year effect of successful Agency to Permanent staff conversion in 2017-18.	992
Democratic Support Services	5	Remove Empowering Councillors and communities fund of £5k per councillor.	285

5.21 Enablers for Change

We need to look at our support services and enablers for business and change and consider different uses, reduced offers and service provision that meet our basic needs. Review and consider the use of our assets and resources to ensure the maximum value for money or income is received.

Options	Number	Implications	Indicative Saving £k
Review IT Strategy	5	Reduce network and telephony budgets and reduce costs through insourcing and technology changes.	361

- 5.22 The total gap of £37.3m is therefore reduced by £9.6m, leaving a remaining gap of £27.7m. The remaining gap will be further validated, with additional proposals identified as part of the production of the Draft Budget to be presented in the December Cabinet.
- 5.23 Appendix B to this document sets out proposals for consultation on changes to the Public Health Grant funded services currently delivered by First for Wellbeing (FfW). This forms part of a wider review of Public Health Grant requirements for 2018-19 and future years which will be outlined within the Draft Budget presented to December Cabinet. The Public Health Grant has a number of conditions placed against it and therefore any changes to services which generate a saving from this Grant must be returned to the Director of Public Health for reinvestment against Public Health priorities and/or services meeting Grant conditions. Such returns do not constitute a saving to the NCC base budget.
- 5.24 In addition, a review of service requirements both within First for Wellbeing (FfW) and Northamptonshire Adults Social Services (NASS) will take place over the coming weeks. This will aim to exploit the synergies of closer working, maximising the skills, knowledge and expertise across the business to manage demand more effectively and consequently address the challenges faced within Adults Social Care. The first step will be to create a joint management team, the purpose of which will be to review existing arrangements to ensure the most cost effective systems, processes and structures.

6. Capital Update

Economic Outlook and Environment

- 6.1 Some areas of the county, and commercial projects within the county, are supported by EU grants and the European Investment Bank (EIB).
- 6.2 Any slowdown in investment and growth will impact the Council both in terms of settlements and grants from Government and also in respect of housing and other growth, which both bring contributions (e.g. Section 106) and direct additions to infrastructure within the county.
- 6.3 Over recent years, the Government has revised mechanisms to prioritise capital funding, such as revolving capital pots, increased business case bids and developments such as the Better Care Fund and the Single Local Growth Fund to bring together local public sector partners. The Council expects these trends to continue and to be further expanded under the influence of the South East Midlands Local Enterprise Partnership (SEMLEP).
- 6.4 Through whichever mechanism they are delivered, direct grants are expected to be a significant source of capital funding for the Council, whether they originate via external contributions, through Growth Deals, or directly from Central Government.
- 6.5 The Government has stated that over the life of the next Parliament the public finances will continue to be influenced by demographic trends, such as increasing

life expectancy, driving increased spending in age-related areas. The Government has stated that its capacity to meet these needs depends upon the productive potential of the economy. The Autumn Statement 2016 brought in the National Productivity Investment Fund (NPIF) to support investment in innovation, infrastructure and housing.

Medium Term Plan – Capital

6.6 The Capital Strategy continues to be mapped to the general direction for public sector investment. It is envisaged that major elements within the plan will continue to be as follows:

- Highways maintenance and infrastructure investment funded by grants such as the Local Growth Fund, the Revolving Infrastructure Fund and other Government grant allocations: Northamptonshire has been awarded £2.9m for 2017-18 through the NPIF for further investment in highways to open up opportunities for housing and employment.
- The extension of current schools and new additional schools to meet need funded by a mix of Basic Needs Grant or specific grants through the Education Funding Agency and other bodies.
- Other key Digital Northamptonshire projects.
- Investment to Save along with other joint investments with partners to generate revenue savings and new ways of delivering services.

7. Discretionary Funding

7.1 The Council's ability to invest in capital funding itself (through borrowing), known as discretionary funding, will be significantly impeded due to the current economic climate which has led to severe funding cuts to revenue budgets.

7.2 The flexibilities from Spending Review 2015 which allow authorities to support the revenue cost of transformation projects by utilising 100% of their capital receipts for this purpose, and the Council's decision to utilise this flexibility, also put further restrictions on the Council's ability to extend any discretionary funding. In past years these receipts would have been utilised in line with 'Golden Rule Two', with 50% being re-invested in new schemes and 50% used to repay borrowing.

7.3 Over the life of the current MTFP the Council's net budgets are expected to continue to fall, leading to an increase in the percentage of the Council's revenue budget required to service the financing costs of previous capital investment, as these remain fixed over this timeframe.

8. Consultation and Scrutiny

8.1 This report and the budget setting process will be subject to scrutiny through the Finance and Performance Scrutiny Committee's Budget sub-group.

- 8.2 The Council is required to formally consult on its Budget and Council Tax options as set out in its Constitution for a period of at least six weeks following the publication of the Draft Budget as per the forward plan.
- 8.3 The Council will, in line with our revised business planning process, be looking to consult on the proposals set out in this paper earlier than the 2018-19 budget consultation in December. In the case of the libraries and children's centre services proposals, this allows a full 12 week consultation period, which is usual practice in such circumstances. For other proposals, it allows us to consider the feedback from six weeks of consultation on the first phase of proposals to meet contractual or procurement deadlines, or where there is the possibility of realising any in-year savings during 2017-18.
- 8.4 The remaining proposals which will be included in the December Cabinet paper will form part of a six week budget consultation, subject to any individual requirements linked to contractual, employment or other relevant legislation.

9. Equality Screening

- 9.1 As with consultation, the Council is mindful of the fact that some of the proposals have the potential to directly impact upon residents, and in some cases, specific service users. Each proposal has been screened for its customer impact. Draft Equality Impact Assessments (EqIAs) have been published to accompany this Cabinet paper and can be found [here](#). These will inform the consultation by identifying stakeholders and will then be updated following the consultation and will be presented to Members before making the final decisions on those proposals.
- 9.2 To ensure compliance with the Equality Duty, all assessments must be considered prior to and during a decision on the budget being taken. This will ensure that the Council meets its statutory duties under the Equality Act 2010.

10. Alternative Options Considered

- 10.1 The acceptance of this report by Cabinet is an initial step in the approval of the 2018-19 Budget and framework documents to establish a deliverable operational budget for 2018-19. In developing individual budget proposals, Cabinet and senior officers will continue to explore all available options and the agreed next steps will be subject to scrutiny and appropriate consultation where needed.

11. Financial Implications

- 11.1 The financial implications are set out within the main body of this report, and within Appendix A in relation to each proposal.

12. Risk and Business Continuity Management

12.1 The risks inherent in the planning and setting of a budget will mainly relate to the deliverability of the proposed changes to the services delivered and the realisation of any efficiencies or savings associated with this change. The risks relating to each individual proposal are outlined within Appendix A.

12.2 In regards to all those proposals which have staff implications, there is a risk of organisational knowledge being lost, which will be mitigated in line with our strategy to develop and upskill our workforce, as per proposals outlined under 5.20.

12.3 There are a number of financial risks which are present as a consequence of both external and internal changes:

- Anticipated changes in the economy and the impact on availability of resources as discussed within earlier sections of the report with highlighted potential risks;
- Organisational changes to respond to the changing demand for services within resources available presenting internal risks in the delivery of savings proposals year on year.

Further updates will be included in the Draft Budget in December 2017 and finalised within the Final Budget Report approved by Full Council in February 2018.

12.4 Risk(s) associated with the proposal:

Risk	Mitigation	Residual Risk
The impact of economic changes on local government finance in the medium term: <ul style="list-style-type: none"> • Brexit • Business Rates Retention • Welfare Reform 	Robust budget setting processes which provide officers with the data to enable the formulation of plans to mitigate pressures and take further steps as required to ensure the delivery of a balanced budget to Full Council in February 2018. Despite these actions this will remain a residual Amber risk at this time.	Amber
Deliverability of proposals to address any estimated shortfall within the MTFP	Robust Budget Setting and Planning processes in place to provide officers with the necessary support in the development of strategic ideas which are linked to the Council Plan.	Amber

12.5 Risk(s) associated with not undertaking the proposal

Risk	Mitigation	Risk Rating
The Council will not be in a position to manage the impact of reduced funding and increased demand on services	Regular review of the funding and pressures through financial monitoring and forecasting to provide intelligence within the planning process.	Amber

13. List of Appendices

Appendix A: Initial 18-19 Budget Proposals

Appendix B: Proposals for reinvestment of Public Health funded activities

Appendix C: Northamptonshire Libraries and Information Service Review

Author:	Name: Iain Jenkins Team: LGSS Finance
Contact details:	Tel: 01604 364664 Email: ijenkins@northamptonshire.gov.uk
Background Papers:	
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	YES
Will further decisions be required? If so please outline the timetable here	Yes – Annual draft budget papers in December and annual final budget papers in February.
Does the report include delegated decisions? If so, please outline the timetable here	NO
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)?	YES Name of SFM: All
Has the report been cleared by the relevant Director?	YES Name of Director: Damon Lawrenson
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr Brown
Has the relevant scrutiny committee been consulted?	NO Scrutiny Committee:
Has the report been cleared by Legal Services?	YES Name of solicitor: Susan Zeiss
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Simon Deacon
Have any property Issues been cleared by Property and Asset Management?	NO There are no implications directly relating to property or assets in this report, there may be implications as we work through detailed proposals and these will be reviewed by Property for the December Cabinet papers.
Procurement/ Contractual Implications:	NO - There are no implications directly arising from this paper, however

<ul style="list-style-type: none"> • Have you evidenced compliance with the Council's Contract Procedures Rules? • Have you identified where you are seeking Cabinet to approve an exemption from the Contract Procedure Rules and detailed the risks and mitigations? • Have you identified any EU or UK legislative risks associated with the exemption process such as non-compliance with the Public Contract Regulations Act 2015, transparency and open competition? • Have you identified the procurement or contractual risks associated with a contract? • Has the contract/procurement been subjected to the Council's Commercial Board? 	<p>individual proposals will need assessing for potential impacts</p>
<p>Are there any community safety implications?</p>	<p>NO - There are no implications directly arising from this paper, however individual proposals will need assessing for potential impacts</p>
<p><i>Are there any environmental implications:</i></p>	<p>NO - There are no implications directly arising from this paper, however individual proposals will need assessing for potential impacts</p>
<p>Are there any Health and Safety Implications:</p>	<p>NO - There are no implications directly arising from this paper, however individual proposals will need assessing for potential impacts</p>
<p>Are there any Human Resources Implications:</p>	<p>YES - individual proposals will need assessing for potential impacts</p>
<p>Are there any human rights implications:</p>	<p>NO - There are no implications directly arising from this paper, however individual proposals will need assessing for potential impacts</p>
<p>Constituency Interest:</p>	<p>All</p>

Appendix A – 18-19 Proposals

Proposal Title	Centralisation of Communications
Description	<p>The current structure of delivering communications and marketing activity is effectively a 'hub and spoke' approach.</p> <p>A centralised communications and marketing function sits within NCC Group, this operates the media relations function for the whole Council, strategic marketing communications and brand management function and internal communications function.</p> <p>Communications and Marketing resource also sits within each federated vehicle to deliver internal communications for each enterprise, front line service delivery communications and marketing.</p> <p>While this model has seen strong partnership working across the organisation and combined a high level approach and a lower level service-based approach there is naturally some in-built duplication of activity and a more centralised approach would enable efficiencies.</p> <p>This proposal would see the centralisation of all communications and marketing roles into the centralised function and then the whole communications and marketing workforce across the Council rationalised into a smaller yet fit for purpose team, with enough capacity to service all areas of the Council at all levels of communications and marketing need.</p>
Directorate	NCC Group

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(155)			

Capital Implications – No

Key Financial Assumptions

Funding required for redundancies is made available from a corporate budget.

Project Implementation Plans

Draft structures developed with Chief Executive. Consultation with employees for potential rationalisation element of proposal.

Risk Assessment

Key Interdependencies

Requires the support of the NCC Management Team across the whole organisation of federated enterprises.

Proposal Title	Review IT strategy
Description	Reduce Network & Telephony budgets and reduce costs through insourcing and technology change
Directorate	LGSS Managed

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(361)	(140)		

Capital Implications – Yes

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Capital Expenditure	120			

Key Financial Assumptions

Project Implementation Plans

- Wide Area Network (WAN) rationalisation - £66k

WAN Connectivity could impact on services to Far Cotton Library and Blackthorn Children's Centre. There are separate proposals relating to these areas of the business, as set out within this report, which are subject to consultation. This will define the level of impact that the ceasing of these circuits would have.

- Move to SIP trunking - £60k

Currently we have to maintain a large number of ISDN30 lines to provide physical connectivity for telephony. Implementing a SIP Trunking solution will allow both line rental and call charges to be driven down helping to reduce revenue costs. Implementation would require capital investment of £120k.

- Rationalisation of WAN Connectivity - £94k, less £10k implementation costs in 2018-19.

We anticipate being able to rationalise our WAN connectivity over the next twelve months which will allow us to reduce the number of connections and therefore drive down costs further

- Delivering School Information Management System (SIMS) support in house - £150k, less £80k implementation costs in 2018-19.

Currently Capita SIMS have been engaged to carry out our statutory requirements with regards to school returns. We are currently engaged with the Milton Keynes Council schools team to explore bringing this service in house. This would allow us

to significantly reduce the costs of delivering these services. This still requires some significant investigation to ensure that we are able to deliver these services internally. This may require the addition of some further posts to supplement the capacity within the team to provide the service.

- Moving from Good to InTune - £70k, less £30k implementation costs in 2018-19.

Microsoft InTune is developing rapidly as a Mobile Device Management (MDM) and containerisation tool. We anticipate moving to InTune by Q4 next year which will allow us to deliver some savings against the current Good contract.

- Replacing the GCSx Secure Email with Trend - £36k, less £20k implementation costs in 2018-19

We will be moving away from GCSx Secure Email during the next year. This will remove the need for the Vodafone GSI connection and the associated contracts.

- Contract Consolidation - £25k

We would expect to be able to drive out additional savings from contract consolidation.

Proposal Title	Customer Service Centre
Description	Reduce opening hours of the Customer Service Centre from 8am-6pm to 9am-5pm
Directorate	Chief Executive

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(66)			

Capital Implications – No

Key Financial Assumptions

None

Project Implementation Plans

This is something we can do without a project. Notice to be given to the public when this will be effective from.

Risk Assessment

The risk with taking this action is that it contradicts the Customer Relationship Strategy and the direction of travel set out in Digital Northamptonshire. It reduces the time customers are able to make contact over the telephone, and whilst we encourage digital where possible, it is not always appropriate, for example when a customer is particularly emotional about an issue they have, i.e. safeguarding or a school place. It may increase reputational damage if we are not as available for customers over the phone. Digital is only truly effective if we are there to help customers over the phone alongside it when needed.

This also carries a risk in regards to integration with Health, if we want to join up our initial contact between Health and Social Care, we need to extend opening hours, not decrease them. This proposal needs to be considered in conjunction with any opportunities for new business.

Proposal Title	Digital Northamptonshire
Description	Digitalisation offers a unique opportunity for NCC to exploit technology to continue to provide Wellbeing and Safeguarding services at best value, whilst still ensuring services are personalised and tailored to suit our consumers' requirements.
Directorate	Chief Executive

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(75)	(286)	(361)	

Capital Implications – Yes

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Capital Expenditure	440	440	440	

Key Financial Assumptions

£4 per telephone or manual transaction vs 30p for a fully digital transaction

Reduction in licencing costs for applications

Reduction in development costs by bringing into LGSS

Project Implementation Plans

Programme is up and running with deeper analysis taking place to understand where the biggest benefits are.

Risk Assessment

The key risk is services not engaging and there not being enough resource to transform. These are being mitigated with Digital Northamptonshire Board with all leaders attending to ensure engagement. Spend is being monitored closely at the board.

Key Interdependencies

Service areas and LGSS IT

Delivery

Dependant on services areas across NCC embracing digitalisation and if sufficient resource is not put into the project there will be delays in the delivery of savings.

Proposal Title	Reduction in Highway Maintenance Services - 1
Description	Reduction of highway maintenance budget. Tranche 1
Directorate	Place

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth		285		
Savings	(355)			

Capital Implications

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Capital Expenditure	(300)			

Key Financial Assumptions

It has been assumed that full year savings can be implemented which will rely on all changes being in place for Spring 2018.

(90k) Reduction in weed killing treatment by half – this will deliver in-year savings but cannot be sustained in successive future years without safety implications – for one year only.

(75k) Reduction in road marking maintenance - short term saving achievable for a year but not sustainable in longer term due to the notable deterioration in safety standards - for one year only.

(60k) Reduction in traffic signal maintenance – extending the time taken to attend and repair failed traffic signals – for one year only.

(70k) Road safety and travel modal choices services. Decreased funding will lead to fewer staff engaged on key activities such as road safety promotion and education at schools and across the community. Also impacts on support and promotion of other modes such as cycling, motorbike, bus and rail.

(60k) Parish enhancement gangs service will be removed. In spring each year parishes can specify local priority tasks for a highway maintenance gang – for one year only.

(300k) Capital savings of £300k can be realised through rationalised and improved working methods to reduce the planning and implementation of traffic management and to reduce the requirement to use external supply chain for traffic management.

Financial impacts to be determined:

Detailed planning is to be undertaken on the impacts of the above, and further risks may be identified.

Project Implementation Plans

Oct 17 Cabinet meeting to agree budget change & call-in period

Oct 17 - Nov 17 Planning of changes

Dec 17 Cabinet paper to propose policy changes in asset management

Mar - Apr 18 Establish new ways of working. Savings start April

Initial Risk Assessment

- Changes to the highway maintenance service will require Cabinet approval for any substantial policy change which will also consider any relevant legal, environmental and insurance implications.
- There will be an impact on the existing asset management strategy and the longer term impacts will need to be considered.
- Customers will likely note a deterioration in service levels.
- Overall there will be a need to reduce staff levels at a variety of grades.
- Further detailed equalities impact assessment has yet to be undertaken.

Key Interdependencies

- There are a number of employees involved in highway maintenance work who work in other service areas which may also be subject to financial review.

Proposal Title	Reduction in Highway Maintenance Services - 2
Description	Reduction of highway maintenance budget. Tranche 2
Directorate	Place

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(805)	(185)		

Capital Implications

No

Key Financial Assumptions

It has been assumed that full year savings can be implemented in the relevant financial years which will rely on all changes for that year being in place prior to the beginning of the respective financial years.

(£150k) Reduction in cyclic gully cleansing programme.

(295k) Reduction in numbers and types of smaller local priority maintenance works together with reduction in supervision and administration support for operational teams plus reduction in Public Right of Way technical, inspection, enforcement and operational staff levels.

(445k) Savings in depot maintenance and accommodation plus plant and fuel savings. (Savings over two years, £260k in 2018-19 and £185k in 2019-20)

(100k) Additional reductions in road safety and travel modal choices services. Decreased funding will lead to fewer staff engaged on key activities such as road safety promotion and education at schools and across the community. Also impacts on support and promotion of other modes such as cycling, motorbike, bus and rail.

Financial impacts to be determined:

Detailed planning is to be undertaken on the impacts of the above, and further risks may be identified.

Project Implementation Plans

Oct 17 Cabinet meeting to agree budget change & call-in period

Oct 17 – Nov 17 Planning of changes

Dec 17 Cabinet paper to propose policy changes in asset management

Jan 18 Implementation preparation

Mar – July 18 Establish new ways of working and implement changes. Savings start April

Initial Risk Assessment

- Any changes to the highway maintenance activities will require Cabinet approval which will also consider any relevant legal, insurance and environmental implications.
- A reduction in cyclic maintenance activities and resources could result in insufficient resources to ameliorate or repair the damaged infrastructure and this would have to be managed by implementing temporary closures for extended or indefinite periods. The community could perceive a reduction in the amenity of public rights of way.
- A reduction in cyclic maintenance activities could result in accelerated deterioration of the asset.
- There could be a notable increase in customer dissatisfaction.
- A reduction in the investment on asset management and deterioration in service in this arena may impact on future settlement of funds from DfT.
- Overall there will be a need to review resources required to deliver this revised service.
- Further equalities impact assessment has yet to be undertaken.

Key Interdependencies

- There are a number of employees involved in highway maintenance work who work in other service areas which may also be subject to financial review.

Proposal Title	Reduction to the Trading Standards Service
Description	To reduce the level of service delivery provided by the Trading Standards Service
Directorate	Place

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(600)			

Capital Implications – No

Key Financial Assumptions

The current net budget for the service is £1,394,328. This includes approximately £100k income.

Key Interdependencies

The costs of the service are 90% staff related. There are 34 posts and the proposed reduction will involve approximately 16 posts potentially being made redundant and employee consultation will take place.

Delivery and Risk Assessment

1. Ability to effectively protect consumers will be significantly diminished and there will be a subsequent reduction in enforcement and prevention activity.
2. Significant reduction in the ability to carry out various statutory enforcement duties including animal welfare, food and feed standards, and fair trading.
3. Consumer advice activity will be significantly reduced. This includes the ability to provide any second tier civil advice to consumers on complex matters referred from the Citizens Advice Consumer Service.
4. Potential increased health risk to young persons from the illegal sale of age restricted products as there will be reduced capacity to carry out enforcement activity, e.g. test purchasing. Moreover, the potential for cheaper products, e.g. illegal tobacco, to be more widely available due to reduced enforcement, and therefore more accessible to everyone.
5. Limited activity on the testing and analysis of products/services for legal compliance, e.g. fire resistance, electrical safety, toys, illegal harmful food ingredients and food allergens.
6. Increased risk of non-compliance with animal disease and welfare controls that can lead to wider problems, including in the food chain.

7. Legitimate local businesses will face increased unfair trading from those willing to sell illegal products, e.g. unsafe and counterfeit goods.
8. The current level of business advice provision, (to assist businesses to comply with the law), will not be sustainable due to the loss of expertise and capacity. This will adversely affect the businesses concerned and reduce the income that the service can achieve.

Proposal Title	Bus Subsidies
Description	Removal of Bus Subsidy budget.
Directorate	Place

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(1,054)	(212)		

Capital Implications – No

Key Financial Assumptions

It has been assumed that most of the savings will be in 2018-19 which will rely on all changes being in place in time for 31 May 2018.

Project Implementation Plans

The current timescales are challenging and any delay will affect the delivery of the full year savings.

19.10.17 Cabinet meeting to agree budget change

25.10.17 Call-in period expires

30.10.17 Launch consultation on revised Bus Strategy

11.12.17 Consultation period ends (6 weeks)

30.01.18 Cabinet report finalised

13.02.18 Cabinet meeting to revise bus strategy

19.02.18 Call-in period expires

28.02.18 Notice to terminate contracts

Initial Risk Assessment

- Timescales to consult on policy changes may affect the delivery timescales for any savings.
- Approval of Policy change - S63 Transport Act 1985 states a duty to subsidise such services as we deem necessary, we have a duty under s108 (1) (b) TA 2000 to implement the LTP where we have currently placed such policies.
- The removal of subsidised bus services could have an impact on the viability of commercial services.

- Certain services carry pupils who are legally entitled to Home to School transport, and withdrawal would lead to Northamptonshire Highways having to seek tenders for alternative services.
- Potential negative effect on local economy, congestion and integrated transport options.
- Potential effect on social exclusion which may increase the burden on local health and social services and impact on rural deprivation.
- Equalities impact assessment to be undertaken.

Key Interdependencies

There are a number of staff involved in the delivery of these Services including the demand-led transport County Connect, etc.

The home to school transport budgets where contracted bus services also carry scholars who are entitled to free transport.

Proposal Title	Review of Highways - Winter Service
Description	Reduction of winter service budget.
Directorate	Place

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(475)			

Capital Implications – No

Key Financial Assumptions

It has been assumed that full year savings can be implemented which will rely on all changes being in place for Spring 2018. Early commitments to these changes will enable nil penalty exit arrangements from vehicle leases and other supply chain commitments.

To meet these savings changes across several areas of the winter service would need to be reviewed including:

- Reduction of salt stock levels and the quantity of salt that is spread in each treatment
- A reduction in gritting routes for winter 2018. Currently 43% of the network is gritted and this could reduce it to around 32%.
- A review of the policy timescales taken to complete the gritting of the network which could result in an increase from the current three hour time limit.
- Consideration of implementing charging to replenish grit bins.
- Shortening minimum period of committed winter service for staffing purposes to reduce standby costs

Financial impacts to be determined:

At this point the planning of the revised route network has not yet been undertaken and that may inform of further changes or other risks.

Project Implementation Plans

Oct 17 Cabinet meeting to agree budget change & call-in period

Oct 17 – Feb 18 Planning of changes

Mar 18 Cabinet to agree changes to winter service

Apr 18 Exit vehicle leases

Oct 18 Revised service in operation for winter season

Initial Risk Assessment

- A considerable change to the winter service such as this will require Cabinet approval of the policy change taking account of the legal, insurance and safety implications and risks.
- The proposed reduction in the network coverage will be significant but could mainly impact on rural communities as some villages will not be served. Access to work, education, health and community services will need to be fully considered.
- A full equalities impact assessment to be undertaken.

Key Interdependencies

- There are a number of employees involved in highway maintenance work who work in other service areas which may also be subject to financial review.

Proposal Title	Grant to the Royal and Derngate
Description	Removal of Grant
Directorate	Place

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(100)			

Capital Implications – No

Key Financial Assumptions

None

Project Implementation Plans

This is a removal of grant payment. Discussion/consultation will be needed with the Royal and Derngate Trust.

Risk Assessment

Key Interdependencies

This subsidy provides match funding for the Royal and Derngate for a further grant that they receive from the Arts Council.

Proposal Title	Tiffield site
Description	Savings on property running costs from exiting the St John's Tiffield site.
Directorate	Place

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(235)			

Capital Implications – No

Key Financial Assumptions

Assumes that it is possible to quit the Council's interest without demolition of buildings on site.

Assumes that the trust will accept the property back from the Council without seeking compensation.

Project Implementation Plans

If this option is pursued, the Council would seek to give notice to the Trust that owns the property that its uses should cease. There is likely to be considerable resistance from the Trust and it should be expected that there will be substantial involvement from Property and Legal advisers. There will also need to be further discussion and engagement with staff impacted by the proposal to exit the site.

Risk Assessment

Risks are high, due to complexities of the current arrangement, and they will continue to be assessed and mitigated accordingly.

Key Interdependencies

Ongoing occupation of the school that forms part of this landholding. May rely on Memorandum of Understanding that exists but the strength of our occupation rights may be challenged if all other uses of the site are removed.

Whilst the children's home is currently vacant, the policy for looked-after children will need to reflect that these properties are no longer available for use and may require alternative premises for delivery and further engagement with staff will need to take place.

Delivery

Practically the steps to implement a withdrawal from this site are simple. In practice it is very likely that the Trust that owns the land will put up obstacles and challenges that might frustrate the Council's wish to withdraw.

Proposal Title	International Social Worker Recruitment
Description	<p>For a number of years there has been a high percentage of agency social work staff in CFE and NCC pays a premium rate dictated by market forces. This means that our staff costs are significantly higher than if the roles had been filled by permanent staff.</p> <p>A range of actions have been in place over the last year, reducing agency from 48% to 41% (the national average is 16%). One of those actions has been to work with a company to recruit Social Workers from South Africa and help them with settling down in England in permanent roles.</p>
Directorate	Children, Families and Education

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(310)			

Capital Implications – No

Key Financial Assumptions

Based on the recruitment of 10 FTE permanent substantive Social Workers. This assumes that staff will be in post on or before 1st April 2018 and is the net saving of replacing agency staff with permanent substantive staff. The proposal assumes that all costs associated with the international recruitment of social workers will fall in 17/18. Delays to the recruitment process could result in costs being incurred in 18/19 and therefore reduce the savings.

Project Implementation Plans

The initiative is underway with interviews taking place with progress being reported through the Children, Families and Education (CFE) Senior Leadership Team.

Risk Assessment

Key Interdependencies

The estimate of 10 FTE is a prudent estimate of identifying and recruiting suitably qualified and competent Social Workers from abroad. As work is currently underway, it is anticipated that these staff will be in post on or before 1st April.

Delivery

Various options have been modelled between recruiting 1 and 20 social workers from abroad and the proposal is based on previous experience of the success of international recruitment. There will be more clarity on actual numbers before the setting of the draft budget with progress being reported through the CFE Senior Leadership Team. There is a moderate to high level of confidence that this will be achieved in full.

Proposal Title	Agency Staff Conversion
Description	<p>For a number of years there has been a high percentage of agency social work staff in CFE and NCC pays a premium rate dictated by market forces. This means that our staff costs are significantly higher than if the roles had been filled by permanent staff.</p> <p>A range of actions have been in place over the last year, reducing agency from 48% to 41% (the national average is 16%). Additionally, CFE management developed an offer for agency staff to convert to permanent contracts linked to the changes in tax implications for self-employed people (IR35). This offer was made to approx. 70 staff and 40 accepted.</p> <p>The 18/19 full year effect of successful Agency to Permanent staff conversions in 17-18 is set out below.</p> <p>Work will continue to reduce agency further during 18/19.</p>
Directorate	Children, Families and Education

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(992)			

Capital Implications – No

Key Financial Assumptions

Based on the conversion of 40 members of staff from agency rates to an agreed permanent package. This 18-19 figure reflects the full year effect of the savings. This is taking place in 17-18 so there are no costs of conversion in 18-19. The conversion package allows for a lump sum paid in 2 instalments – half on conversion and half 6 months after conversion. This proposal assumes both payments are made in 17-18. Any slippage in timescale could push the second payment into 18-19 and reduce the savings.

Project Implementation Plans

The project is well underway with 40 staff confirming acceptance of the offer to convert. The process to convert is now happening and progress is being reported through the Children, Families and Education Senior Leadership Team.

Risk Assessment

Key Interdependencies

The acceptance of the packages now need to be progressed quickly to be formalised to ensure that both one off conversion payments fall in 17-18. Any slippage could mean the net savings are reduced in 18-19 by the second payment.

Delivery

There is a high level of confidence that this will be achieved in full.

Proposal Title	First Point of Contact remodelling
Description	<p>There is need for improvement in how we deal with people at the Front Door to ensure that they are quickly signposted in the correct direction for the appropriate help. Some of this is process improvement but it is also considered that there is also scope for reducing costs in this area.</p> <p>This proposal is based on holistic service review of the Front Door processes resulting in reduced staff costs.</p>
Directorate	Children, Families and Education

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(500)			

Capital Implications – No

Key Financial Assumptions

This is a very rough estimate / target of savings to be achieved through a holistic service review of the Front Door based on the model applied in Essex County Council.

Project Implementation Plans

An initial project scoping document is expected in October from which the deliverability and timescales for delivery of any savings will be more robust.

Risk Assessment

Key Interdependencies

To be determined through the project scoping.

Delivery

This is currently an estimate to be confirmed prior to the publication of the draft budget.

Proposal Title	Review of non-statutory additional support for individuals and families.
Description	There are some areas of CFE spend that, whilst not statutory, contribute to fulfilling a moral obligation to support children and families that are not able to access support from elsewhere. A review of these areas is required, including the potential safeguarding impact of the withdrawal of current expenditure and a full report will be presented to the Cabinet for decision.
Directorate	Children, Families and Education

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(500)			

Capital Implications – No

Key Financial Assumptions

This is the estimated annual cost to the Local Authority of current expenditure.

Project Implementation Plans

A full review and an Equality Impact Assessment will be prepared and submitted to Cabinet for a decision to be made.

Risk Assessment

Delivery

Given the contentious & politically sensitive nature of this area there is a low to medium level of confidence in delivery.

Proposal Title	Contracts Reduction
Description	Continued focus on the right sourcing of services and all activity to reduce the duplication of services. Ensuring consistency in savings requirements across providers.
Directorate	Children, Families and Education

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(692)			

Capital Implications – No

Key Financial Assumptions

Applying a 40% reduction in the remaining Children’s Centre contract in Corby, to be consistent with service reductions across the county. We will also review existing support contracts and apply a reduction in line with proposals.

Project Implementation Plans

The providers will have to be notified of the proposed reduction and required re-configuration of services to enable them to develop their proposals for the delivery of services utilising reduced resources.

Risk Assessment

Key Interdependencies

To enable this saving to be taken out safely there is a dependency on the outcome of the provider proposals to deliver the reduction and a twelve week public consultation regarding children’s centre services.

Delivery

Work is currently ongoing to enable the delivery of this saving in full.

Proposal Title	Targeted Contract Efficiencies
Description	The full review of need and service provision to enable refocused service delivery.
Directorate	Children, Families and Education

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(250)			

Capital Implications – No

Key Financial Assumptions

A prudent estimate of efficiencies to be made through a commissioning review of SEND support services to refocus delivery. Remaining provision will be targeted to areas of greater need and through Health colleagues.

Project Implementation Plans

The providers will have to be notified of the proposed reduction and required re-configuration of services to enable them to develop their proposals for the delivery of services utilising reduced resources. These proposals will be used to inform public consultation.

Risk Assessment

Key Interdependencies

To enable this saving to be taken out safely there is a dependency on the outcome of the provider proposals to deliver the reduction and public consultation.

Delivery

Work is currently ongoing to enable the delivery of this saving in full.

Proposal Title	Targeted In House Foster Carer Recruitment
Description	As a Council the proportion of LAC in in-house foster care placements as opposed to Agency placements is low. In house foster care placements are lower cost and therefore more sustainable. This proposal relates to targeted in-house foster carer recruitment to reduce reliance on external agency provision. The savings will be made in placements expenditure and these will need to be reduced by the fostering costs.
Directorate	Children, Families and Education

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(150)			

Capital Implications – No

Key Financial Assumptions

Assumes targeted in house foster carer recruitment and successful conversion in order to bring back children placed in external out of county placements into in house provision closer to home. This is an initial estimate / target of savings to be achieved through increasing in house foster care placements.

Project Implementation Plans

An initial project scoping document is expected in prior to the publication of the Draft Budget from which the deliverability and timescales for delivery of any savings will be more robust.

Risk Assessment

Key Interdependencies

Dependent upon the successful recruitment and conversion of additional in house foster carers and the identification of suitable children to move from external agency out of county placements.

Proposal Title	Joint Funded Complex Care Packages
Description	Negotiation with Health colleagues in relation to joint funded packages for nursing elements where NCC should not be contributing.
Directorate	Children, Families and Education

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(250)			

Capital Implications – No

Key Financial Assumptions

Current estimate based on the existing cohort of joint funded packages where just 8 children alone make up over £1m worth of packages. Based on the assumption around specific cases where there is potentially an element of joint funding which can be negotiated down with health based on the known nursing element of the package and joint commissioning.

Project Implementation Plans

The packages of care have been identified and will need to be put forward for review at the Highly Complex Need Panel. An initial scoping exercise around joint commissioning arrangements has been discussed and needs to be scheduled for completion and health colleagues engaged around these intentions.

Risk Assessment

Delivery

The full deliverability is dependent upon the successful negotiation with health colleagues on these complex packages of care. The deliverability of the joint commissioning efficiencies is more certain.

Proposal Title	Library Services
Description	Redesign of Library Services - 3 options for the library services and associated children centre provision are presented in Appendix C. Each seeks to maintain a core offer and to mitigate the impact of site closures to ongoing service availability and accessibility.
Directorate	NCC Group

Revenue Budget

Option 1

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(290k)	(219)	(125)	0

Option 2

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(619)	(301)	(125)	0

Option 3

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(1,226)	(476)	(125)	0

Note: the estimated savings above have been adjusted to reflect any one off commitments and full impact of delivery by 2020-21

Capital Implications – Yes

There are capital liabilities due to clawback due to Childrens Centres and ending leases. The total value of these would be £416k for Options 1 & 2 and £778k for Option 3.

In addition, there may be opportunities for capital receipts. An indicative set of figures has been provided showing a range of £2,030k to £4,325k.

Key Financial and Non-Financial Assumptions.

The savings identified are the outcome of full service review and the detailed options are outlined within Appendix C.

Project Implementation Plans

To be finalised when the identified options have been considered and agreed. This will commence with a formal consultation on the options.

Risk Assessment

Key Interdependencies

Children's Centres service delivery – each of the identified options will entail the potential loss of a number of Universal Childrens Centre services (13/19 depending on the option pursued) and associated capital investment funds claw back liabilities being in line with those accounted for in savings calculations.

The proposed reduction in the availability of universal children's centre services across the county associated with the proposals for changes to library provision will form a key part of the consultation on libraries.

Delivery

The delivery of the quantum of savings identified is tied to the timely de-commissioning of these library services and anticipated staff reductions and the timely disposal of the sites/buildings to minimise ongoing property retention costs.

Proposal Title	Removal of consultancy budgets
Description	Savings delivered through the removal of budgets.
Directorate	Across NCC

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(486)			

Capital Implications –No

Key Financial Assumptions

Delivered through the removal of consultancy budgets across NCC

Project Implementation Plans

Technical adjustment implemented by Finance.

Proposal Title	Effective Commissioning services and focussed prevention vehicles
Description	Commissioning structure review under new Commercial Director
Directorate	Across NCC

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(250)			

Capital Implications – No

Project Implementation Plans

Reduce all strategic and corporate commissioning capacity bar one post so all commissioning resources are based close to front line services and responding to their need.

Risk Assessment

Key Interdependencies

Single corporate lead for Health interface and cross cutting schemes.

Delivery

Reduced horizon scanning and strategic ability.

Proposal Title	Reduce empowering councillors and communities fund
Description	Remove empowering councillors and communities fund of £5k per councillor
Directorate	LGSS Managed

Revenue Budget

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Growth				
Savings	(285)			

Capital Implications – No

Key Financial Assumptions

As above.

Project Implementation Plans

Subject to approval by Cabinet.

Appendix B

Proposals for reinvestment of Public Health Grant funded activities

The following services provided by First for Wellbeing are fully or partially funded by the Public Health Grant - emotional wellbeing, smoking cessation, community alcohol service, community grants scheme and some Children's Centre provision in libraries. When a service is funded this way, no base budget savings can be released as the Public Health Grant is allocated to activities meeting specific conditions determined by Public Health England.

Each of the aforementioned service areas has been reviewed and it has been concluded that changes can be made to service provision levels resulting in reduced costs from 1 April 2018.

The following table outlines the amount of Public Health Grant funding identified with each of the services currently being reviewed totalling £3m. This is not an organisational saving but a strategic decision to change the use of some of the Public Health Grant, in addition to ensuring that the future commitments are in line with the reduced Public Health Grant made available.

SERVICE	AMOUNT FUNDED BY PUBLIC HEALTH GRANT
Emotional wellbeing service	£1,300,000
Shared organisational structure with adults	£580,000
Smoking cessation service	£518,000
Community alcohol service	£125,000
Community grants scheme	£319,000
Children's Centre provision in libraries	£200,000
TOTAL	£3,042,000

Brief description of each service and the reinvestment proposal

- Emotional wellbeing and community alcohol service

The service is a universal primary prevention service although activity has been broadly targeted towards those who are at most risk of low level mental health conditions, most at risk of social isolation, are the least physically fit and healthy and are the furthest from the employment market.

The proposal under consideration is to reduce the budget removing the full budget allocation for holistic wellbeing assessment and community development work. Additionally, the proposal further removes the £125,000 allocated to alcohol interventions.

- Smoking cessation service

The service is comprised of two components – a core specialist team and a network of Level 2 providers.

The proposal allows the retention of a supported Level 2 network preserving a county wide universal provision and a reduction in the specialist team - the residual team will focus on working with specific groups of people within local acute hospital trusts such as pregnant women, those known to cardiology and respiratory services, and those undergoing pre-operative assessments.

- Community Grants Scheme

This involves a contract with Northamptonshire Community Foundation for the provision of Community Grants.

This proposal has already been put into place. NCC requested that First for Wellbeing terminate the contract in July 2017. Notice of Termination of contract was served on 1 August 2017 with a three months Break clause in the contract.

- Libraries

The Public Health Grant currently partially funds Children's Centre provision in libraries across Northamptonshire. In light of the proposed changes to local library provision, the amount of children's centre provision may reduce in line with the number of libraries in the county and therefore some Grant funding may be returned to Public Health for reinvestment – this is dependent on the outcome of the library service proposal consultation.

Public Consultation Requirements

In order to be able to undertake these service revisions and reinvest the residual values, each proposal will be subject to public consultation as part of the Phase 1 budget proposals, with the exception of the Community Grants proposal, where notice has already been given. Further details of those requiring public consultation can be found in the EQIA assessments.

Once any consultation required for these proposed service changes has been completed, any residual Public Health Grant remaining, following the budget balancing exercise outlined above, will be reinvested in prevention programmes to support older and frail citizens, in particular in relation to mental ill-health and dementia. This service will target those residents at high risk of developing a mental health disorder and those who already access health and social care services due to mental illness, with the aim of reducing risk factors and slowing the development and exacerbations of such conditions.

In addition, a review of service requirements both within First for Wellbeing (FfW) and Northamptonshire Adults Social Services (NASS) will take place over the coming weeks. This will aim to exploit the synergies of closer working maximising the skills, knowledge and expertise across the business to manage demand more effectively and consequently address the challenges faced within Adults Social Care. The first step will be to create a joint management team, the purpose of which will be to review existing arrangement to ensure the most cost effective systems, processes and structures.