



COMMITTEE NAME: CABINET

13 FEBRUARY 2018

DIRECTOR OF FINANCE: MARK MCLAUGHLIN

CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: COUNCILLOR ROBIN BROWN

Subject:	Final Budget 2018-19 and Medium Term Plan to 2021-22																																				
Recommendations:	<p>a) That Cabinet approve the Revenue Budget 2018-19 and recommend to Council, which sets a Net Revenue Budget of £440.05m, and note the Medium Term Plan as set out in the Budget Summary for 2018-19 to 2021-22 in Appendix C.</p> <p>b) To note that the total Council Tax requirement for the Council’s own purposes for 2018-19 is £302.3m, which represents £280.8m core Council Tax Precept and £21.5m Adult Social Care Precept.</p> <p>c) That the Council Tax at Band D of £1,236.35, for the Northamptonshire County Council, be approved and recommended to Council.</p> <p>d) That a Band D Council Tax increase of 5.98%, including Social Care Precept of 3%, be approved and recommended to Council; with Band A to H Northamptonshire County Council precept detail for 2018-19 as set out in the table below:</p> <table border="1" data-bbox="491 1256 1398 1753"> <thead> <tr> <th>Council Tax Band</th> <th>Council Tax £</th> <th>Adult Social Care Precept £</th> <th>Total £</th> </tr> </thead> <tbody> <tr><td>A</td><td>764.42</td><td>59.81</td><td>824.23</td></tr> <tr><td>B</td><td>891.83</td><td>69.78</td><td>961.61</td></tr> <tr><td>C</td><td>1,019.23</td><td>79.75</td><td>1,098.98</td></tr> <tr><td>D</td><td>1,146.63</td><td>89.72</td><td>1,236.35</td></tr> <tr><td>E</td><td>1,401.43</td><td>109.66</td><td>1,511.09</td></tr> <tr><td>F</td><td>1,656.24</td><td>129.60</td><td>1,785.84</td></tr> <tr><td>G</td><td>1,911.05</td><td>149.53</td><td>2,060.58</td></tr> <tr><td>H</td><td>2,293.26</td><td>179.44</td><td>2,472.70</td></tr> </tbody> </table> <p>e) That the Consultation feedback as at Appendix A and Appendix N be noted as having been taken into consideration.</p> <p>f) That the Equality Impact feedback as at Appendix B be noted as having been taken into consideration.</p> <p>g) That the planned utilisation of Dedicated Schools Grant for 2018-19 as at Appendix E be approved and recommended to Council.</p>	Council Tax Band	Council Tax £	Adult Social Care Precept £	Total £	A	764.42	59.81	824.23	B	891.83	69.78	961.61	C	1,019.23	79.75	1,098.98	D	1,146.63	89.72	1,236.35	E	1,401.43	109.66	1,511.09	F	1,656.24	129.60	1,785.84	G	1,911.05	149.53	2,060.58	H	2,293.26	179.44	2,472.70
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- h) That the fees and charges for 2018-19 as at Appendix F be approved and recommended to Council.
- i) That the Reserves Statement Summary as at Appendix G be noted.
- j) That the detailed proposals underpinning the MTP revenue budget for 2018-19 as set out in Appendix H be approved and recommended to Council.
- k) That the Capital Strategy as at Appendix I be approved and recommended to Council.
- l) That the Treasury Management Strategy 2018-19 at Appendix J be approved and recommended to Council, which includes:
 - i. the Prudential Indicators, including the Capital Financing Requirement of £739.3m and the Authorised Borrowing Requirement of £799.3m.
 - ii. the Annual Investment Strategy as at Appendix J-5
 - iii. the Minimum Revenue Provision policy as at Appendix J-4.
- m) That the Chief Finance Officer's Section 25 Report as at Appendix K be approved.
- n) That the Flexible Use of Capital Receipts Strategy 2018-19, as at Section 11 of this report, be approved and recommended to Council.
- o) That the flexible use of capital receipts for 2018-19 as set out in Section 11 be approved and recommended to Council.
- p) That authority is delegated to the Section 151 Officer for any variation up to £1m as a result of the final Local Government Finance Settlement, or Business Rates forecasts from District Councils, to be managed through a transfer to or from general reserves, as set out in paragraph 10.17.

In respect of the Library Services Review:

- q) That Option 1 is supported and that a Strategy is developed to support the delivery of a County and Community Managed Library Service.
- r) That the Council continue financial support to the library service during 2018-19 as a transition year and that one further year (2019-20) of rent is paid by the Council on behalf of Community Managed Libraries.
- s) Further Engagement is undertaken with Option1 Libraries where no expression of Interest was presented.

	<ul style="list-style-type: none"> t) Further consultation is undertaken with Medium Sized Libraries regarding their interest in delivering a Community Management Option. u) That the Council pursue those expressions of interest where interested parties have indicated that they wish to purchase their library building. v) During 2018-19 that work is undertaken with interested parties to develop comprehensive business plans and that where this is not feasible that a decision is made to decommission the library. w) That sufficient project management capacity is identified to deliver a County and Community Managed Library programme. x) That a renewed Library timetable is implemented in 2018-19 that is focussed on meeting peak customer demand. y) That the mobile library service is withdrawn and that an extended Library to You service is implemented to support customers who find accessing a static library difficult. z) That an options paper is prepared in relation to the future delivery of universal Children's Centre Services.
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1. Purpose of Report

- 1.1 This report sets out the 2018-19 Budget and associated Medium Term Plan (MTP) for Northamptonshire County Council (NCC). The report also sets out the associated Council Tax level and precepts for 2018-19, which will need to be approved by Full Council on 22nd February 2018.
- 1.2 The Government Funding assumptions are based on the Provisional Local Government Finance Settlement 2017 announced in December 2017. The Final Local Government Finance Settlement will not be announced until later in February 2018. Therefore, it is requested that that Full Council delegates authority to the Section 151 Officer and responsible Cabinet member for any variation up to £1m as a result of the final settlement to be dealt with through a transfer either to or from the general reserve.
- 1.3 In accordance with the Council's Constitution, Cabinet agreed the Draft Budget proposals for review by Finance & Resources Scrutiny Committee and the general public during a consultation period. The outcomes of the Finance & Resources Scrutiny Committee review, the budget consultation, and the ongoing review by officers to ensure that the budget is set based upon the latest information, have fully informed the Cabinet's recommendations on the budget and Council Tax precept for 2018-19, together with the other budget framework documents included within the appendices of this report.

2. How this decision contributes to the Council Plan

- 2.1 The Council’s vision is to make Northamptonshire a great place to grow up, live, work and grow old. 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 **The Council has a duty by law, under the Local Government Finance Act 1992, to set a balanced and realistic budget. If it is not able to do so or if it appears unlikely to be able to do so a notice by the Section 151 Officer, in consultation with the Monitoring Officer, must be issued under Section 114 of the Local Government Finance Act 1988 to state that the Council has been unable to set a balanced budget.**
- 3.2 The Council’s formal budget setting process is designed to enable the production of a robust financial plan to support service delivery for the year 2018-19, as set out in the Council Plan. Taken together these key strategic and operational documents ensure that the Council is able to set a budget that is affordable and deliverable.
- 3.3 For a number of years the operating context of the County Council has been extremely challenging. The combination of the local population growing 1.5% faster than the national average, increasingly complex and costly care provision and service demand set alongside reducing government funding have meant continued savings and efficiency proposals totalling £376m have been required from 2010-11 to 2017-18, meaning that each year it is increasingly harder to set a balanced budget.
- 3.4 The number of children that the Council cares for has increased by over 200 over the last three years. The Council is caring for more unaccompanied asylum seeking children than it receives funding for. Referrals into Children’s Social Care are high when compared to similar authorities with over 40% of assessments resulting in no further action. The reasons for over-referral appear complex, often relating to stress in families.
- 3.5 The Council has seen the costs of Adult Social Care rising, despite putting effective front door and demand management processes in place. Costs are driven by the

increasingly complex needs of service users and by the fragile care market. To demonstrate the effect on the Council's budgets, the average weekly cost of supporting those over the age of 85 has increased by over 25% in three years. As people are living longer, the Council is expecting the number of over 65s to increase by 28% by 2024 and therefore demand for care in both the state and private care markets will be high. The demand for younger adults and those with learning disabilities is also growing as life expectancy increases and we need to expand the opportunities to support more people within our communities.

- 3.6 The health and care economy within the county is highly pressurised. There have been numerous occasions where the county's acute hospitals have been on 'black alert', leading to limited admissions and the cancellation of non-emergency scheduled procedures to ensure enough capacity to cope with for emergency and urgent care. All local areas are now mandated to reduce the delays in transfer of care from hospital to social care to a nationally prescribed level, with the threat of withdrawal or a reduction to our Improved Better Care Fund income if the Council does not deliver to these targets. In many ways, the Council carries a risk of penalty in an area of highest need and the positive impact.
- 3.7 In areas such as road maintenance, the Council continues to work hard to repair potholes, with over 40,000 repairs conducted each year. Traffic growth is continuing, as Northamptonshire is a rural county where car ownership is high and roads are vital to get people to work and to local services. The Council expects traffic volume to increase by around 30% by 2030. However with increased use comes increased wear and damage to the highway, so managing the demand for repair service within a pressurised budget becomes harder.
- 3.8 The Council's responsibility for social care means that provision must be maintained at adequate levels to safeguard the most vulnerable in the community. To meet these duties, the Council has had to review all areas of discretionary provision and levels of service in other non-statutory areas to ensure that it continues to protect vulnerable people.
- 3.9 However, despite these ongoing financial pressures NCC has delivered services within its budget envelope year-on-year. The County Council has maximised the use of financial flexibilities it can control such as use of capital through in-year receipts and drawing on its cash reserves to deliver to budget. However, these mitigations are one-off contingencies which are not sustainable options. Despite having one of the lowest Council Tax rates for a County Council in England, there are currently legislative restrictions on the Council's ability to raise income through local taxation in the form of Council Tax. Any increase above 3% would require approval through a local referendum. In the 2015 Autumn Statement, the Chancellor announced the ability for local authorities to raise an Adult Social Care Council Tax precept. This allowed authorities to raise Council Tax by an additional 3% in 2017-18 and 2018-19 over and above the referendum threshold, with the additional income generated being used to support Adult Social Care Services.

- 3.10 The County Council launched a campaign this year calling for Fair Funding. Counties in general receive the least funding per head compared to London Boroughs and metropolitan areas. In terms of public services funding as a county and a County Council, NCC are at both levels amongst the least funded in England. The Council must also ensure that its services reach to highly rural areas, where efficiency and productivity are compromised compared to densely populated cities and large towns.
- 3.11 Therefore the Council now has to take action to change the scope, scale and way it delivers local services, presenting budget proposals for consideration that maximise the support of frontline services but also recognise the need to optimise the service levels the Council can deliver from the resources available. Delivery to budget will be crucial in addressing the challenging pressures that the Council is experiencing, and the Council's approach and new vision for service delivery and outcome delivery is set out in a new Council Plan.

Council Plan

- 3.12 At a time when the whole public sector finds itself under unprecedented pressure to meet more complex needs with ever-reducing budgets, NCC is taking the opportunity to review and refresh its vision and purpose, in order to place itself in a position where it can not only deliver for the residents of the county, but also be financially sustainable.
- 3.13 The Council Plan sets out NCC's short and medium-term vision, its values and its role in not only managing the difficult financial situation the county faces, but in ensuring that Northamptonshire will grow and thrive. The Council wants to reconsider its role in the county, its relationship with residents, partner agencies and Central Government and it wants to do so in a way which encourages residents to take ownership of their own lives and of their communities, and shape services with the County Council when they need its support.
- 3.14 The Council is not here to deliver or commission all services, but to work with residents and partner agencies to facilitate the achievement of its vision statement: Making Northamptonshire a great place to grow up, live, learn, work and grow old. However, the reality in which the Council operates means that it is here to meet its statutory responsibilities within the budget envelope set by the Government. It is therefore important that the Council makes it clear what its duties are, what it can and can't do for the people of Northamptonshire and what it is that residents and communities can do themselves with the right support if they need it.

4. Financial Background and Recap of Draft Budget

- 4.1 The Council's draft 2018-19 budget and MTP were presented to Cabinet on 19th December 2017. A summary of the draft budget is shown in the following table:

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Net Expenditure MTP base budget	416.8	435.5	464.2	483.4
Service Pressures and Investments	59.7	25.4	22.2	22.2
Efficiencies	(18.0)	(1.0)	(0.8)	0.0
Income Generation	(2.8)	(0.4)	(0.5)	0.0
Service Transformation	(9.6)	2.5	(1.6)	0.0
Service Reductions	(3.9)	(0.1)	0.0	0.0
Flexible Use of Capital Receipts	(12.3)	29.5	0.0	0.0
Movement in Budget Smoothing/Reserves	(3.0)	(1.7)	0.0	0.0
Movement in Service Income	8.6	(25.5)	0.0	0.0
Revised Net Service Expenditure	435.5	464.2	483.4	505.7
To Be Met By				
Other Central Grants and Contributions	(21.5)	(24.1)	(24.1)	(24.1)
Government Base Funding	(115.6)	(98.5)	(98.6)	(98.6)
Council Tax and Collection Fund	(298.5)	(292.6)	(304.2)	(313.7)
Total Budget Funding	(435.5)	(415.2)	(427.0)	(436.5)
Base Budget Savings to be found per year	0.0	(49.0)	(7.5)	(12.7)
Cumulative savings to be found	0.0	(49.0)	(56.5)	(69.2)

Table 1: Total Revenue Expenditure and Funding 2018-19 to 2021-22 as per draft budget papers, presented to Cabinet on 19th December 2017.

- 4.2 The draft budget included savings proposals totalling £34.3m and pressures totalling £59.7m for 2018-19. A period of public consultation and Budget Scrutiny has taken place in relation to these proposals, as well as internal due diligence on the robustness of estimates and deliverability of implementation plans, and details of this are summarised within this report.
- 4.3 The provisional Local Government Finance Settlement was announced by the Secretary of State on 19th December 2017, after the publication of the Council's draft budget. Details of the financial impact of the provisional settlement on the Council's 2018-19 budget are reflected within this report.
- 4.4 The budget setting process and medium term plan forecast is a continual cycle of review and challenge. The financial judgements and assumptions used are based upon the most up to date information available and as such there have been revisions to the draft budget and MTP published in December 2017.
- 4.5 A full itemised summary of the changes between the draft and final budgets is set out in Appendix D.
- 4.6 The information presented in this report is structured to set out the key financial measures:
- Estimated cost of service delivery including the additional pressures, demands and service investment required;
 - The level of resources available to fund the delivery of the Council Plan;
 - The availability of reserves in the short and medium term;

- The flexible use of assets.
- The Business Plans' executive summaries to deliver services and savings for 2018-19 through to 2021-22.

5. Consultation Feedback

- 5.1 Consultation on the 2018-19 budget proposals ran in several phases. A MTP Update report was presented to Cabinet on 19th October 2017. This included the first phase of 2018-19 budget proposals, totalling £9.6m. Consultation on these proposals commenced the day after the October meeting and concluded on 1st December 2017, with the exception of the libraries consultation which concluded on 13th January 2018 and the short breaks consultation which ran from 26th October to 6th December 2017.
- 5.2 The Draft Budget was approved by Cabinet on 19th December 2017 and consultation on the remaining 2018-19 budget proposals began immediately following this meeting. This second phase of consultation concluded on 30th January 2018, with the exception of the consultation on proposed changes to charging for adult social care services, which ran from 17th October 2017 to 6th January 2018.
- 5.3 There are three statutory instruments underpinning the need for Budget consultation:
- Section 65 of the Local Government Finance Act (1992);
 - Section 149 of the Equality Act (2010), specifically 'Due regard' to [the] impact of proposed changes;
 - Section 3 of the Local Government Act (1999), and Best Value provisions.
- 5.4 In terms of best practice, Consultation Institute guidance emphasises the need for consulters to recognise the 'Doctrine of Legitimate Expectation' as a key component of public sector budget consultation. In short, in terms of public participation, "...the courts...recognise Consultees' right to expect fair process from public bodies...and incorporates much guidance and management promises into the law.¹"
- 5.5 Opportunities to take part in the consultation were promoted in the local media, through the council's website, e-newsletter and social media channels, allowing both internal (e.g. NCC staff) as well as external consultees to get involved in the process.
- 5.6 Councillors, local MPs and MEPs, district and borough councils, parish and town councils, partner organisations, voluntary and community sector organisations, representatives of protected characteristic groups, local business groups, customer and user groups and members of the Northamptonshire Residents' Panel were formally invited to give their views and asked to promote the consultation to their members, or within their local area.

¹ The Consultation Institute *Engaging on Public Service Budgets*, 17 September 2015

5.7 Local people and organisations were able to have their say about the Draft Budget proposals in a range of ways, by:

- Visiting the Draft Budget and Council Plan Consultation webpage and completing the questionnaire;
- Emailing consult@northamptonshire.gov.uk;
- Writing to Draft Budget and Council Plan Consultation, Northamptonshire County Council, One Angel Square, Northampton, NN1 1ED;
- Attending one of eight drop-in consultation sessions held over the two consultation phases, one in each district/borough council area and two in Northampton (other ways to get involved were also promoted at these events);
- Using social media: Tweeting @mycountycouncil or posting comments on the mycountycouncil Facebook page;
- Using the toolkit to hold their own discussions and feeding back to us;
- Signing or submitting a petition or e-petition.

5.8 Local people and organisations were also able to take part in Finance & Resources Scrutiny Committee meetings. Budget scrutiny involves Councillors reviewing the draft budget proposals, reviewing the risks of delivery and how the proposals may affect Council services, and impact the citizens of Northamptonshire. Although these scrutiny sessions happen at the same time as the Draft Budget Consultation process, they are separate from it.

The Budget Scrutiny Review included the following opportunities for members of the public to give their views in the following ways, through targeted scrutiny sessions:

- Wednesday 3rd January 2018 – The first meeting of the Budget Scrutiny Working Group, to identify which proposals should be subject to further scrutiny;
- Monday 8th January 2018 – An opportunity for members of the public to give their views about children, families and education services/ issues;
- Monday 8th January 2018 - An opportunity for members of the public to give their views about public health and wellbeing matters;
- Wednesday 10th January 2018 – An opportunity for members of the public to give their views on strategic and corporate matters;
- Thursday 11th January 2018 – An opportunity for members of the public to give their views about environment, development, transport and commercial matters (NCC Place directorate);
- Friday 19th January 2018 – An opportunity for members of the public to give their views about adult social care services.

5.9 During the draft budget consultation period, which covered the two phases, plus separate consultations relating to the libraries, short breaks and charging in adult social care proposals, using the various means available to consultees, local people and organisations contributed to the consultation over 9,000 times (acknowledging that some people may have taken part in more than one consultation or responded to the same consultation via a number of different methods). Responses can be broken down as follows:

- Phase 1 Budget proposals – over 1,600 responses
- Library Service Review – almost 6,000 responses
- Short Breaks – almost 900 responses
- NASS Charging consultation – just over 400 responses
- Phase 2 Budget proposals – almost 300 responses

5.9 The vast majority of feedback related to the consultation on the review of Library Services. This feedback is analysed in more detail in Appendix N.

5.10 There were a number of proposals with a high customer impact that received a significant amount of feedback, via the questionnaire, letters and emails submitted. In particular, these related to the proposals on bus subsidies, Trading Standards and the Corby Children’s Centre contract, as well as the other proposals that had their own separate consultations (Short Breaks and Adult Social Care Charging). The feedback on the other proposals is analysed in more detail in Appendix A.

5.11 A small number of additional proposals have been developed since the Draft Budget following the ongoing review of the Council’s ability to reduce its cost base. These are mainly back office proposals that do not affect customers (with the exception of the change to the Children with Disabilities proposal which was agreed at Cabinet in January 2018) and focus on internal efficiencies. Therefore, we do not consider that full public consultation on these proposals is required before Cabinet makes a decision on them.

6. Equality Screening

6.1 The Equality Act (2010) contains a range of rights, powers and obligations to assist in the drive towards equality. Northamptonshire County Council has a duty towards people who share ‘Protected Characteristics’ to have ‘due regard’ to:

- Eliminating discrimination;
- Promoting equality;
- Fostering good relations.

- 6.2 We must demonstrate compliance with the duties in our decision-making processes, which we do by requiring decisions made at Cabinet to be accompanied, where appropriate, by Equality Impact Assessments (EqIAs) to measure the effect of the proposed decision or policy on people with protected characteristics:
- Age
 - Disability
 - Gender reassignment
 - Marriage and civil partnership (relating to the first aim)
 - Pregnancy and maternity
 - Race
 - Religion and belief (including no belief)
 - Sex
 - Sexual orientation
- 6.3 The provision of equality impact analysis supports Members to consider the potential impact on groups who are protected under the Equality Act 2010 both before and during consideration of a decision, which is required by law. We do this by using an impact assessment form.
- 6.4 Equality Impact Assessments (EqIAs) were available throughout the consultation process in draft form. Feedback received through the consultation process has been used (where relevant) to review and update the assessments. All final assessments have been made available both in hard copy in the group rooms and in electronic copy at the link below. The equality impact assessments need to be viewed and considered before and during the meeting:
- <http://www3.northamptonshire.gov.uk/councilservices/council-and-democracy/equalities/equality-impact-assessments-eqias/Pages/budget-proposals-eqias-2018-19.aspx>
- 6.5 Assessments have not been undertaken for budget proposals affecting future revenue beyond 2018-19 as these will be completed at a later date as part of the proposal development. Each EqIA has been reviewed and an overview of the budget proposals for 2018-19 is attached at Appendix B which summarises the feedback received from an equalities perspective and also looks at the potential cumulative effect on groups with protected characteristics where they may be affected by more than one proposal.
- 6.6 To ensure compliance with the duty, all assessments must be considered prior to and during a decision on the budget being taken. The overview in Appendix B

highlights the following proposals which may have an impact on service users and may, if implemented, require mitigating actions or further work to explore the implications as the proposals develop more fully:

Proposal Ref	Title	Business Unit	Brief description
17-002-14	Contract Review	Children, Families and Education	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.
16-001-04b	Financial Sustainability - Fairer Charging Policy	Adult Services	Changes in relation to the Fair Contributions Policy, charging for Assistive Technology and Appointeeship Service charges
15-006-29	Bus Subsidies	Place	The removal of all funding to support Local Bus Services
17-006-04	Reduction in Highways Maintenance Service - Tranche 1	Place	A reduction in weed killing treatment by half for one year only; a reduction in road marking maintenance for one year only; a reduction in traffic signal maintenance - extending the time taken to attend and repair failed traffic signals for one year only; a reduction in road safety and travel choices services including activities including road safety promotion and education at schools and across communities; and the removal of Parish enhancement gangs for one year only.
17-006-05	Reduction in Highways Maintenance Services Tranche 2	Place	A reduction in the cyclic gully cleansing programme; reduction in the number and types of smaller local priority maintenance works together with a reduction in supervision and administrative support for operational teams plus a reduction in Public Rights of Way technical, inspection, enforcement and operational staff levels; savings in depot maintenance and accommodation plus plant and fuel, and savings arising from the rationalisation of the number of depots.
17-006-07	Winter Maintenance	Place	A reduction in salt stock levels and the quantity of salt spread in each treatment; a reduction in gritting routes for Winter 2018 (currently 43% of the network is gritted and this could reduce 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.
17-006-06	Trading Standards Proposal	Place	A reduction in the level of service provided by Trading Standards. This will have an impact on all service responsibilities including rogue and fair trading and age-restricted sales.

6.7 The Council acknowledges that, in this financial climate and faced with difficult decisions, some savings and income generation proposals within this budget may have a negative impact upon groups with protected characteristics. Feedback from the consultation has been used to inform the final proposals, and to identify where mitigating actions may need to be taken to minimise the impact upon customers where possible. It is important that Members are aware of the potential impacts, have considered any mitigation and have taken all of this into account when making their decision, therefore paying ‘due regard’ to the duties outlined in the Equality Act 2010.

7. Overview and Scrutiny

7.1 The draft budget 2018-19 has been scrutinised during January by non-executive Councillors through a Budget Scrutiny Review process led by the Finance and Resources Scrutiny Committee. A series of “challenge meetings” have been held to scrutinise selected proposals, focusing on their intended aims, the possible risks involved in delivering them, and how these could be managed.

7.2 The Budget Scrutiny Review has scrutinised selected proposals from across all corporate directorates. There is a separate report on this agenda (Item 6) setting out the recommendations resulting from the Budget Scrutiny Review. These have been informed by discussion with Cabinet Members and senior officers, as well as information provided by representatives from partner organisations and members of the public. The Cabinet’s proposed responses to the recommendations from the Budget Scrutiny Review are set out in an appendix to the Scrutiny report and incorporated into the final budget proposals to be recommended to Council.

8. Current Financial Position 2017-18

8.1 The draft budget was predicated on the assumption that there is not an overspend in 2017-18 and that the savings proposals not fully delivered within the current year will be recurrently mitigated ahead of the new financial year. If this was not possible, additional budget requirement would be included in the 2018-19 budget, through the structural deficit proposal.

8.2 The Council has faced significant challenges and pressures during 2017-18 as a result of the continuation of government funding reductions over the period of three Parliaments; the continued cap on local revenue raising, combined with substantial increases in the demand and cost of statutory service provision within the county, especially Children’s and Adult’s social care. The financial implications these pressures have been raised through the Quarterly Financial Report (QFR) to Cabinet. A forecast overspend of £10.3m was reported to Cabinet on 16th January 2018.

8.3 The Council continually monitors its financial position, and since the publication of the most recent QFR report the Council’s forecast outturn position has significantly worsened due in part to recent risks on the timing of £8m of asset sales, originally forecast to be received in the current financial year.

8.4 In addition to this, pressure on the Adults service budgets has increased by £3.7m and is currently forecast in the reported 2017-18 position. This is due to:

- An increased care cost, particularly in Nursing (where we have high demand and a shortage of supply) as a result of rising acuity and complexity in the over 65 customer group but also the rising costs of Younger Adult Care in supported living.
- Increased pressure for Adults reflecting the successful steps taken to reduce the number of social care clients delayed from leaving hospital while waiting for package of care which has led to the service incurring the cost of placing clients in order to meet its duties based on each client's assessments. The Council also faces losing up to £5m of the Improved Better Care Fund income if it fails to address these delays.
- The financial impact of the costs relating to sleep-in allowances and fee increases to providers. This risk has previously been highlighted by the service (in common with all councils nationally) and is a result of national mandates to comply with the new rulings made by a national employment tribunal that sleep-in allowance rates must reflect the National Living Wage. This creates a considerable risk to the service (and social care nationally) both as a direct employer and in relation to potential claims from providers who undertake these services for the Council. In the past employees providing sleep in care have only received a one off payment for each night, subject to an increase if they are woken. Having reviewed the clients who receive sleep in care and our providers, this risk is currently estimated to be £3.6m in 2017-18 and £6m in 2018-19.

8.5 Consequently, there is an increasing risk that the 2017-18 revenue budget will not be fully delivered. The combined effect of the pressures outlined above, together with other smaller movements since the last QFR report, has pushed the Council's forecast overspend up to £21.1m for 2017-18. In the event that the asset sale outlined in paragraph 8.3 was delivered in 2017-18 then the forecast position would reduce accordingly. The MTP has been prepared based upon the Council's 2017-18 outturn position being a £21.1m overspend, with mitigations as described below.

9. Pressure mitigation

9.1 In light of the Council's bleak financial position, with only seven weeks remaining until the end of the financial year, budget mitigation options of this magnitude are limited. The only viable option short of the elimination of all avoidable or new spending as a consequence of a Section 114 report, is the proposed sale and leaseback of One Angel Square, which once sold would generate a useable capital receipt which would reduce costs by offsetting transformational expenditure under the Flexible Use of Capital Receipts as prescribed by guidance from the Department for Housing, Communities and Local Government (DHCLG).

- 9.2 The proposed sale would provide the Council with a substantial capital receipt, to be realised within the current financial year. A proportion of the receipt would be applied to revenue in the current year to match an appropriate quantum of Transformation spending. The remainder will be held as “Capital Receipts Unapplied” and used to fund Transformation activities in 2018-19, and potentially beyond. As the Flexibility has been extended beyond 2018-19 this meets the criteria of “the years in which this flexibility of offered”. There would be an ongoing liability to pay rent and meet outgoings for the term of the lease. These will provide an additional revenue pressure over the term as well as an initial Stamp Duty Land Tax cost for the lease.
- 9.3 Item 12 on the agenda sets out that the Council is proposing, subject to Cabinet approval, the sale and leaseback of One Angel Square in order to release funding for priority transformation work and to meet social care demands.
- 9.4 The Council’s Flexible Use of Capital Receipts Strategy is set out in Section 11 of this report.

10. Budget 2018-19

- 10.1 The Council-wide approach to ensuring there is a robust Budget set for 2018-19, was to continue with a ‘zero-based budgeting’ financial review of all planned service provision. The financial planning approach has considered the prioritised service outcomes that the Council must deliver to meet its statutory responsibilities within 2018-19, using the latest available financial and performance management information, to ensure that the optimum level of resources are set for each service area.
- 10.2 A series of ‘star chamber’ meetings have taken place between Cabinet members, Directors and Assistant Directors, supported by Finance and HR. During these meetings, detailed discussions were undertaken in respect of each Directorate, including a line by line review of all areas of the budget. Consideration was also given to the demography and cost pressures within each area, as well as the funding and resources available.
- 10.3 Where the required budget fell short of existing resources, the gap has been mitigated through the introduction of service-specific proposals, as outlined within Appendix H.
- 10.4 This method of budgeting supported the Council to plan the delivery of its services in the most cost effective manner – whether that is through delivering its objectives through in-house provision, externally commissioning contracts, or through third party transfers.

Medium Term Plan - Revenue

- 10.5 The full details of the Budget Summary for the four year period up to 2021-22 are set out within Appendix C. This will continue to be reviewed as funding is confirmed and any additional proposals put in place where necessary.

- 10.6 The Draft Budget focussed on 2018-19 and provided details of the total savings still to be developed in future years. The estimated impact of funding changes and review of savings following the Draft Budget are detailed in Appendix D.
- 10.7 The anticipated Government funding changes and local pressures have been summarised in the table below. It provides details of the financial impact that the Council faces over the coming years, and the resulting saving requirement to address future funding shortfalls.

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	Total £m
Changes in Government funding	10.2	18.4	(0.1)	0.0	28.4
Changes to Other Grants & Income	(1.3)	(28.2)	0.0	0.0	(29.5)
Flexible Use of Capital Receipts	(12.3)	29.5	0.0	0.0	17.2
Transfer to and from Reserves	(18.0)	13.3	0.0	0.0	(4.7)
Changes in Local Funding	(23.5)	3.3	(15.1)	(13.2)	(48.6)
Total Reduction / (Increase) in Funding	(45.0)	36.2	(15.2)	(13.2)	(37.2)
Unavoidable Pressures	74.3	26.7	24.5	22.7	148.1
Total Savings Required	29.3	62.9	9.3	9.4	110.9

Table 2: Summary changes in funding

- 10.8 The following sections outline changes to the MTP on:
- Government funding
 - Flexible use of Capital Receipts
 - Council Tax
 - Fees and Charges
 - Key Spending Assumptions
 - Changes to savings proposals from draft to final budget
- 10.9 The impacts on the MTP are then summarised, identifying the additional savings that have needed to be identified in order to balance the Budget for 2018-19. The remaining years indicate the estimated pressures and indicative funding changes with initial savings proposals being scoped for the full four year MTP. Appendix D provides full details of the changes post Draft Budget.
- 10.10 Whilst assumptions have been made in the MTP and represent a balanced position there is uncertainty the further we forecast into the future and as such this will be subject to ongoing review with appropriate updates to Cabinet.

Multi-Year Settlement Budget

- 10.11 The Council accepted the Government's four year settlement offer for 2016-17 to 2019-20, as although this still meant significant funding reductions, it provided assurances over funding levels that would not have been available if the multi-year settlement was not accepted. The funding makes assumptions for both the Revenue Support Grant and Business Rates baseline.
- 10.12 The Government will also need to take account of future events such as the transfer of functions to local government, transfers of responsibility for functions between local authorities, mergers between authorities, any other unforeseen events.
- 10.13 In addition, funding will be subject to the normal statutory consultation process for the local government finance settlement but there is an expectation that these allocations will be the amounts presented to Parliament each year.

Funding Announcements

- 10.14 As previously reported within the Council's Draft Budget report, the Government's Autumn Budget on 22nd November 2017 outlined the overall fiscal outlook for the next four years. Full details of the announcement can be found here:

<https://www.gov.uk/government/topical-events/autumn-budget-2017>

- 10.15 Several announcements were made in respect of Business Rates:
- The planned switch from Retail Price Index (RPI) to Consumer Price Index (CPI) in setting the multiplier will be brought forward to April 2018. The new multiplier will be used in the provisional local government finance settlement to recalculate authorities' top-ups and tariffs.
 - The Government announced it will reinstate the previous Valuation Office Agency (VOA) practice for valuing multi-occupancy buildings (often referred to as the 'Staircase tax' or the 'Mazars Case'). Any affected business will be able to ask the VOA to recalculate their valuations based upon the previous practice backdated to April 2010.
 - The £1,000 discount for pubs with a rateable value of less than £100k will be extended for a further year to March 2019.
 - The next business rate revaluation will be in 2022. After that revaluations will take place every 3 years.

Provisional Local Government Finance Settlement 2018-19 to 2019-20

- 10.16 The Provisional Settlement Announcement was made on 19th December giving confirmation of the funding for the third year of the four year Core Spending Offer to Local Authorities. The following summarises the key headlines and full details can be found at:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2018-to-2019>

- Confirmation that the 'core' Council Tax referendum threshold has been set by Government at 3%, in line with inflation, which is 1% higher than had previously been announced. Together with the 3% Adult Social Care precept this means that Local Authorities can increase Council Tax by up to 6% for 2018-19, and any increase above 6% will require a local referendum.
- The Government announced which areas had been successful in bidding to become pilot areas for 100% retention of Business Rates in 2018-19. The Council had been part of a bid, alongside the other local borough and district authorities, but Northamptonshire was not one of the successful bids.
- The Government stated its intention for local authorities to retain 75% of business rates from 2020-21 through incorporating existing grants into business rates retention, including Revenue Support Grant and Public Health Grant.
- It was confirmed that there would be no new changes to New Homes Bonus for 2018-19 following feedback from local authorities to a technical consultation.
- The Government published a consultation on the Fair Funding Review, and stated its intention to implement new funding system based upon this consultation's findings, from 2020-21.
- The Communities Secretary announced that the flexible use of capital receipts by local authorities to meet transformation costs was being extended by a further 3 years up to 2022.
- Each local authority's baseline funding level and Revenue Support Grant has been updated to reflect the new business rates multiplier which will be based upon CPI from 2018-19 rather than RPI.

10.17 The Final 2018-19 Local Government Finance Settlement is expected to be announced later in February 2018. Updated collection fund figures for Business Rates are also awaited from the local District Councils. Therefore it is requested that that Full Council delegates authority to the Section 151 Officer and responsible Cabinet Member to manage any variation in funding, for any value up to £1m, through transfer either to or from the general reserve.

Settlement Funding Assessment and Government Grants

10.18 The Council's Settlement Funding Assessment for 2018-19 decreased by £182k in the provisional settlement December 2017, and the allocation for New Homes Bonus has been increased by £589k. In addition, the recent announcement of the Council's allocation of Local Community Voices Grant is £225k higher than the

amount estimated within the draft budget. These funding changes have been incorporated into the Council's MTP.

- 10.19 The Government's multi-settlement offer covers the four year period through to 2019-20. Funding levels after this point are unknown as the figures released in the provisional Local Government Finance Settlement do not go beyond 2019-20. This uncertainty makes financial planning difficult. For the purposes of preparing the MTP, government funding is assumed to continue at the same level for 2020-21 and 2021-22.
- 10.20 The Government's Fair Funding Review is expected to change the way that Local Government funding is allocated from 2020-21 onwards, but the implications of this are not yet known.
- 10.21 The Secretary of State for Housing, Communities and Local Government announced in December 2017 that a new system of local government finance will be introduced from 2020-21 onwards, but the implications of this are not yet known. The MTP will be updated as and when any announcements are made by Government.
- 10.22 Whilst a number of the Central Government grants have been published, not all are fully known at this stage, with some of the service specific grants awaiting confirmation. Any changes to the estimates included within the Final Budget will be reported as variances within the in-year monitoring and included in the budget planning process for future years.

Transfer of Northamptonshire Fire and Rescue Service (NFRS) to the Office of the Police and Crime Commissioner (OPCC)

- 10.23 In early December the County Council gave formal sign off to the Home Office of the proposal to transfer governance of the Northamptonshire Fire and Rescue Service to the Office of the Police and Crime Commissioner, (OPCC). Having considered the Councils response, in conjunction with the DHCLG, it is understood that advice has now been put to Ministers by the Home Office, but a ministerial decision is still awaited.

Council Tax

- 10.24 The budgeted Council Tax income for 2018-19 is based upon a 5.98% overall increase in Council Tax, including the continuation of the 3% Social Care Precept which has been applied in accordance with the recommended level announced within the Spending Review 2015. The Council Tax base has been confirmed by the District and Borough Councils with a headline Band D Council Tax of £1,236.35.
- 10.25 The table below details the Council Tax precepts for District and Borough Councils showing the overall total precept for 2018-19 of the budgeted amount of £296.2m collected for Council Tax, which includes Adults Social Care precept of £21.5m.

District	Tax Base (Number of Band D equivalent dwellings)	Total 2018-19 Precept £
Corby	19,073	23,581
Daventry	30,953	38,269
East Northamptonshire	31,348	38,757
Kettering	31,750	39,254
Northampton	66,874	82,680
South Northamptonshire	35,091	43,384
Wellingborough	24,492	30,281
Total	239,580	296,205

Council Tax Rates

- 10.26 The below Council Tax bands have been calculated by taking the current 2017-18 rates and applying a proposed increase of 2.98% for Core Council Tax and 3% for Adult Social Care Precept.

Council Tax Band	Council Tax £	Adult Social Care Precept £	Total £
A	764.42	59.81	824.23
B	891.83	69.78	961.61
C	1,019.23	79.75	1,098.98
D	1,146.63	89.72	1,236.35
E	1,401.43	109.66	1,511.09
F	1,656.24	129.60	1,785.84
G	1,911.05	149.53	2,060.58
H	2,293.26	179.44	2,472.70

Council Tax Referendums

- 10.27 Each year, the Government will review the level of increase they are minded to propose, with the final announcement now being confirmed within the Final Local Government Settlement. The 2018-19 threshold has been increased from 2% to 3% for single tier authorities with any increase above this to trigger a referendum and therefore incurring a significant cost to carry out the vote. Upper tier authorities can raise a further 3% provided that they confirm it has been applied to their Adult Social Care budget.
- 10.28 The MTP assumes a 5.98% increase for 2017-18 and 2018-19, including the Adult Social Care Precept, this is then reduced to 1.98% for 2019-20 onwards.

Fees and Charges Income

- 10.29 As part of the overall medium term planning, the fees and charges are reviewed with any inflationary increases forming part of the annual consultation process in line with the existing policy as reported to Cabinet in December.
- 10.30 A summary of the main changes to charges is given within Appendix F along with a detailed schedule reflecting the 2018-19 charges.
- 10.31 At the Cabinet meeting on 16th January 2018 the establishment of a new Directorate of Adults, Community and Wellbeing Services was approved, with delegated authority given to the Director of Adult Social Services and the Portfolio Holder for Adult Social care to take appropriate actions to bring Olympus Care Services (OCS) back into the Council under this new Directorate. Therefore the fees and charges schedule presented at Appendix F includes the Pricing List for 2018-19.
- 10.32 In addition, a proposal for Fees and Charges Policy is in place (15-004-19c/d) to maximise income generation, including fees and charges, and is included within the proposals listing at Appendix H.

11. Flexible Use of Capital Receipts Strategy

Introduction

- 11.1 The Secretary of State, through Section 15 (1) of the Local Government Act 2003, gave local authorities the power to use capital receipts from the disposal of property, plant and equipment assets, to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects.
- 11.2 In March 2016, statutory guidance was issued by the Department for Housing, Communities and Local Government (DHCLG), which applied from 1 April 2016 to 31 March 2019. The end date of this statutory change was confirmed to be extended to April 2022 through a December 2017 announcement in the Provisional Local Government Finance Settlement. It is expected that the statutory guidance will be revised as part of the final Local Government Settlement anticipated in February 2018.

Application

- 11.3 The Secretary of State believes that individual authorities and groups of authorities are best placed to decide which projects will be most effective for their areas. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authorities', or several authorities, and/or to another public sector body's net service expenditure.
- 11.4 Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces

costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

Disclosure Requirements

- 11.5 For each financial year, a local authority should ensure it prepares a Flexible Use of Capital Receipts Strategy. This Strategy does not need to be a separate document, and the requirement can be satisfied by including relevant documents within the Annual Budget documents, as part of the Mid-Term Financial Plan (or equivalent), or where appropriate, as part of the Efficiency Plan.
- 11.6 The Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project by project basis details of the expected savings/service transformation are provided. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years. The Strategy should also contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.
- 11.7 The Strategy should be presented to full council before the start of the financial year. The initial Strategy may be replaced by another Strategy at any time during the year, on one or more occasions.

Northamptonshire County Council Strategic Intentions

- 11.8 The County Council continues to recognise that in order to deliver transformational change to improve the efficiency and effectiveness of service delivery, and ultimately continue to achieve its vision and priority objectives set out in its Council Plan, that the cost of transformational spend will be needed to be funded through capital receipts from the disposal of surplus assets.
- 11.9 The Government announcement as part of the provisional Local Government Settlement in December 2017, which extends the period of time a local authority can utilise the Flexible Use of Capital Receipts for an additional 3 years, has meant that the Council has considered this change and recognised extended opportunity in its financial planning as a means of additional funding over the whole medium term period, which is a longer time frame than original planned.
- 11.10 The Council has set an extremely ambitious financial target of raising capital receipts to the value of £35.6m in 2017-18 and £42.8m in 2018-19.
- 11.11 In addition to this the Council has identified funding gaps of £61.2m in 2019-20, £67.6m in 2020-21 and £78.1m in 2021-22, at this stage the Council is looking to address these gaps in the main through funding transformational expenditure through the Flexible Use of Capital Receipts. The delivery of these capital receipts in a timely manner poses a significant risk to the Council.

- 11.12 A pipeline of potential surplus asset sales will continue to be developed for the short term and extended medium term position, which will require careful analysis and review to ensure that the asset sales financial target are met in a way which offers the most efficient and effective use of the assets which are retained and the assets which are sold.

Qualifying Transformational Expenditure

- 11.13 Within 2016-17 the Council identified £21.6m of qualifying transformational expenditure which was funded through the Flexible Use of Capital Receipts. During the audit of 2016-17 Statement of Accounts the Council's external auditors tested a sample of this expenditure against DCLG guidance to determine whether the expenditure had been made from capital receipts received in year, and whether expenditure qualified within the definition of the guidance. The schemes tested met the criteria specified within the guidance. See the ISA260 report presented to the Audit Committee on 10th August 2017 for further details.
- 11.14 The financial challenge facing the Council is unprecedented, and therefore the cost of transformation is estimated to significantly increase year on year to respond to the continued funding shortfall. However at this stage for 2017-18 qualifying transformational expenditure has been identified to date at £18.5m, leaving a requirement to identify an additional £17.1m qualifying expenditure this financial year to fully utilise the anticipated £35.6m of resources. New projects have been identified and work is on-going to estimate the cost of these new projects.
- 11.15 This MTP identifies £42.8m of Flexible Use of Capital Receipts for 2018-19. Appendix H of these budget papers, sets out the detail of individual efficiencies and service transformation savings proposals that will incur significant one-off transformational costs to enable the planning and delivery. The actual qualifying transformational costs under the Flexible Use of Capital Receipts are yet to be quantified, and work is on-going to assess the anticipated quantum. Clearly, doubling the anticipated qualifying transformational expenditure identified in 2016-17 will mean there are significant risks to identifying this target qualifying expenditure.
- 11.16 The Council has due regard to the requirements to the Prudential Code and the impact on the prudential indicators. Capital receipts from the sale of assets are not built into the Council's current capital programme and the impact of this is set out in Section 5 of the Council's Capital Strategy.
- 11.17 All schemes which are deemed to qualify under this programme will have the required costs funded through capital receipts rather than revenue funding streams. Approval of projects and allocation of funds arising from the use of flexible capital receipts will be at the discretion of the Section 151 Officer.
- 11.18 Appendix L sets out the actual/anticipated qualifying transformational projects including the following information;

2016-17 Qualifying Transformational Expenditure

- a description of the individual transformational projects linked to their strategic theme
- the actual cost of transformation identified
- Identification of cashable saving linked to the transformation

2017-18 Qualifying Transformational Expenditure

- a description of the individual transformational projects linked to their strategic theme
- the estimated cost of transformation identified, with a target balance of £17.1m to identify through new projects
- Identification of cashable saving linked to the transformation

11.19 Appendix H sets out savings proposals for 2018-19 and beyond, of which a target of £42.8m of qualifying transformational expenditure to fund the delivery of the savings programme is currently being identified.

11.20 The Council will provide an update to Cabinet and full Council in March 2018 of progress of the identification of the individual projects and their expected qualifying transformation costs to fully match the capital receipts funding requirement in 2017-18 and 2018-19, if this is still required after DHCLG have refreshed the Flexible Use of Capital Receipts guidance rules in February 2018.

12. Changes from draft to final budget

12.1 A summary of all changes has been included within Appendix D, and a revised list of budget proposals at Appendix H.

Council Response to Consultation, Scrutiny Funding Changes

12.2 The 2018-19 Draft Budget set out the proposals for consultation and Budget Scrutiny Review, to provide the Council with the opportunity to review and make changes ahead of the Final Budget approved by Full Council on 22nd February 2018.

12.3 In response to the feedback received from stakeholders, the 2018-19 proposals listed below have been reconsidered, recognising the challenges faced by the Council in respect of service delivery moving forward. Consequently, some of the proposals, as set out below, have been revisited and alternative proposals put forward and forms part of the Final Budget.

- 15-006-29 - **Bus Subsidies**

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Draft Budget	1,054	212	0	0
Final Budget	588	118	0	0
Increase/(Decrease) in proposal	(466)	(94)	0	0

Revised Proposal: A reduction in funding to support local bus services with the exception of the demand responsive services of County Connect and Call Connect. These services will be reviewed to make them more cost effective and consideration will also be given to potentially adding in some fixed routes. The decision has been made following consultation on the draft Budget and the Budget Scrutiny process.

- 17-008-01 - **Library Services**

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Draft Budget	619	301	125	0
Final Budget	0	0	0	0
Increase/(Decrease) in proposal	(619)	(301)	(125)	0

Revised Proposal: That following consideration of the consultation responses the Council withdraw the proposal for savings in 2018-19 in relation to the Library Service. There are detailed recommendations in this report regarding implementing a County and Community Managed Library Service and in support of this the Council make available resources of up to £180k to support the implementation of the proposal.

- 17-006-06 - **Trading Standards**

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Draft Budget	600	0	0	0
Final Budget	400	0	0	0
Increase/(Decrease) in proposal	(200)	0	0	0

Revised Proposal: A reduction in the level of service provided by Trading Standards by some 29% from current levels. The proposal has been revised following consultation on the draft Budget and the Budget Scrutiny process and reflects concerns expressed on the original proposal to reduce the service by 42% and the likely impact that this would have on all service responsibilities including rogue and unfair trading and age-restricted sales. We will continue to work with District and Borough Councils as well as other organisations to develop ways of mitigating any reductions in resources.

- 10-033-01a - **Pay Inflation**

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k
Draft Budget	1,074	1,083	1,097	1,109
Final Budget	2,103	2,123	2,144	2,165
Increase/(Decrease) in proposal	1,029	1,040	1,047	1,056

Revised Proposal: Budgeted growth in pay inflation has been reviewed and is now set at 2%. An increase of 1% had been assumed in the draft budget.

Review of risks, assumptions, and service pressures

12.4 As part of the continual review of the MTP, the assumptions behind service pressures were reviewed and challenged. This includes detailed calculations on demography and client demand pressures, inflationary pressures on contracts and gas, electricity and fuel price pressures. As part of the Council's internal due diligence the deliverability of the proposals put forward in the draft budget have been risk assessed. Based upon this assessment, red rated proposals have been removed, and some proposals have been decreased to a value assessed to be deliverable.

Proposal	Draft Budget £k	Final Budget £k	Increase / (Decrease) £k	Narrative
17-004-09 Customer Service Centre – Reduced Operations	187	0	(187)	In light of recent Contact Centre developments the saving will not be made as the Council has had to review delivery requirements associated with the service.
15-004-25 Social Impact Bonds	1,250	0	(1,250)	The Council is in discussion with various financiers, however at this stage nothing is certain and therefore it is felt prudent not to proceed with this proposal.
17-004-10 BIPM Centralisation	1,000	828	(172)	Business need for business intelligence and project management support.
17-002-13 CFE Review of non-statutory expenditure	500	0	(500)	Awaiting Ministerial decision regarding this service area, however Cabinet reshuffle means the former Minister is no longer in post therefore announcement may not come.
17-005-06 LGSS Finance Operations	106	0	(106)	These staff are required to maximise Adult Social Care income.
17-004-06 Removal of consultancy budgets	486	0	(486)	Upon completion of due diligence it was found that these budget lines fund partnership commitments, such as Independent Safeguarding Chair or invest to save activity, and are not to fund consultants.
17-005-07 Health and Safety	90	45	(45)	Proposed risk exposure to Health & Safety issues deemed unacceptable therefore proposal reduced.
17-005-11 Procurement	250	0	(250)	Concerns that proposal would lead to provider inflation of service contracts.
17-005-14 LGSS Law	196	0	(196)	Service delivery impact issues on Adults Social Care and Children, Families and Education.
17-006-15 Asset exploitation	1,135	635	(500)	Proposal adjusted to a more prudent income target for additional rent.

12.5 The 2018-19 draft budget included a Treasury growth proposal of £2.7m. Following revisions within the capital programme and a review of interest payable, the Treasury growth forecast has been reduced to £1.3m. This reduction is attributable to the following:

- Reprofitting and revision of forecast capital expenditure in the current year which in turn reduces the level of Minimum Revenue Provision (MRP) in 2018-19. MRP is charged in the financial year following an asset becoming operational.
- A reduction in the indicative level of interest payable in 2018-19.
- A net reduction in service contributions following the deferral of investment property acquisitions from 2017-18 to 2018-19.

12.6 The final 2018-19 Budget has been increased by £3.9m to accommodate the ongoing estimated impact of increased care pressure currently forecast in 2017-18. This reflects both increased prices in care provision as a result of rising acuity and complexity in the over 65 customer group but also the rising costs of Younger Adult Care. It also reflects the steps taken to reduce the number of social care clients delayed from leaving hospital while waiting for package of care. While the number of delayed clients has reduced from 102 in August 17 to 43 currently this has meant the service incurring the cost of the required care in order to meet its duties based on each client's assessments. The Council also faces losing Improved Better Care Fund income if it fails to address these delays.

12.7 In addition, as previously highlighted the service faces significant risks, in common with all councils as a result of the Council having to comply with the new rulings on sleep-in allowances. This pressure resulted from a national case and tribunal that rules that employers should pay all staff providing sleep in care to be paid the National Living wage in line with all other carers rather than one off payments. The tribunal also concluded that this uplift should be backdated for 6 years. This represents a considerable risk to the service (and social care nationally) both as a direct employer and in relation to claims from providers. This risk is currently estimated to be £3.6m in 2017-18 and £6m in 2018-19.

12.8 The service has this year done more detailed modelling an analysis on customer pathways to obtain a more accurate picture of demand, including the likely number of new customers that will come into the service, the results of escalating need, demographic trends and the level of care resulting from reviews. During 2017-18 we saw over 200 new customers come into the service by the end of December 2017 and more than 400 additional packages of care being put in place compared to the previous year. These pressures have been factored into the medium term financial plans. These are detailed within Appendix H.

12.9 The impact of these pressures over the four years of the MTP in the context of the whole budget are shown in Appendix C and summarised below in table 3. This clearly demonstrates the areas where the Council is facing the unavoidable spending pressures of £148.1m over the next four years, which must be met with savings and Council Tax.

	2018-19 £k	2019-20 £k	2020-21 £k	2021-22 £k	Total £k
Inflation	12,577	13,918	14,257	14,379	55,130
Other Service Pressures	61,712	12,740	10,208	8,290	92,950
Total 2018-22 MTP	74,289	26,658	24,465	22,669	148,080

Table 3: Summary of Pressures

13. Library Service Review

- 13.1 The overall analysis of the consultation feedback on the library service review can be found at Appendix N. The report identifies the results of the response to the Library Options papers. As can be seen 40.11% of respondents agreed or strongly agreed with Option 1, compared to the support for Option 2 of 17.31% and 10 times the amount that supported Option 3 at 3.57%. Whilst Option 1 was the most favoured option out of the three options, 52% did not agree with that option, thus indicating that respondents overall would prefer no change. The case for change was laid out in the options paper and is revisited again in Appendix M which contains a detailed response to themes identified within the libraries consultation.
- 13.2 Given the responses to the Consultation, the issues raised as part of the Scrutiny process and taking into account the changes nationally and the Council's financial position, the overall recommendation is that the Council supports Option1 and moves towards a County and Community Managed Library Service.
- 13.3 The following are the recommendations that support the delivery of option 1. They are supported with a short narrative that provides further detail about the recommendation. For more information on any issues raised as part of the consultation process please see appendix M.
- **That Option 1 is supported and that a Strategy is developed to support the delivery of a County and Community Managed Library Service**
- 13.4 Following the comprehensive library service review and following the input from the public during the consultation, the library service will need to develop a new strategy which shapes the direction for the medium term. The emerging County and Community model will require careful consideration with national and local drivers taken into account. Key to this will be the increased digital offer to the county.
- 13.5 Residents responding to the consultation made very many suggestions about how the service might look to organise itself to achieve even greater efficiencies. These included suggestions around potential staffing models, use of space and creation of commercial opportunities. All these will need full and diligent exploration before a final strategy is arrived at. The Strategy will be developed and presented to Cabinet in July 2018 along with with a timetable for implementation and any eventual de-commissioning.

- **That the Council continue financial support to the library service during 2018-19 as a transition year and that one further year (2019-20) of rent is paid by the Council on behalf of Community Managed Libraries.**

- 13.6 The Council's Asset Management strategy looks to achieve the most from its property portfolio, either through reducing its direct costs, maximising the use of the asset or by realising its capital value. It was in this context that the original community managed proposal did not include the provision of property. Such are the Council's financial challenges that it wishes to maximise its capital receipts to exploit the flexibilities allowed to it by central government to offset revenue expenditure.
- 13.7 The research evidence base suggests that the conditions for success for community managed libraries are created when the property is offered to the community group at a "peppercorn rent", at least for an initial period. Research into best practice case examples commissioned by the government all include examples of where the building has been made available for use by the community managed library at preferential rates. In the examples explored when developing the community managed model, these also included support for meeting property costs. The research evidence base suggests that it takes up to two years to establish a community managed library, and discussions with other library services about their experiences also support this.
- 13.8 As well as the research identifying this as best practice, not being able to raise the finance to support the delivery of a community managed library was cited most often as a barrier to success by communities/interested parties. There were a number of other issues cited, and these are dealt with under other recommendations.
- 13.9 The transition year and the rent being covered by the Council in 2019-20 will in practice give Communities two years to establish their community libraries. The utility costs to be borne by the newly established Community Managed entities from 1st April 2019.
- **Further Engagement is undertaken with Option1 Libraries where no expression of Interest was presented.**
- 13.10 Throughout the consultation period, meetings and conversations were undertaken with multiple interested parties from across the county, including conversations with at least one party from every library. Despite some very encouraging initial interest, not all of these conversations resulted in an Informal Expression of Interest. Given that those parties who did register their interest raised significant barriers as outlined above, it may now be that in the light of the enhanced offer of support around the property considerations that these parties might be better placed to revisit the feasibility of a community managed library.

- **Further consultation is undertaken with Medium Sized Libraries regarding their interest in delivering a Community Management Option.**

13.11 Although Option 1 was conceived to allow the small libraries the community management option, it became clear soon into the consultation period that some of the 7 medium sized libraries had a similar appetite.

13.12 By the close of consultation, informal expressions of interest had been received by 6 out of the 7 medium size libraries.

13.13 Representations were also received from communities objecting to the fact that there was no community managed option for the medium sized library. There is clearly an appetite amongst the majority of these libraries to enter into further conversations with regards to their libraries.

13.14 The Library Service will undertake further consultation for a period of six weeks with medium sized libraries beginning the 1st April 2018.

- **That the Council pursue those expressions of interest where interested parties have indicated that they wish to purchase their library building.**

13.15 Throughout the consultation, some communities expressed an interest in purchasing the freehold title to their local library to enable them to operate as a community managed library without needing to meet the ongoing revenue costs associated with taking on a lease of the building. In line with the Council's Asset Management Strategy, it is now right that communities are given the opportunity to progress these conversations as appropriate with the relevant property colleagues.

- **During 2018-19 that work is undertaken with interested parties to develop comprehensive business plans and that where this is not feasible that a decision is made to decommission the library.**

13.16 Communities, in their expressions of interest, told us that they will need support in developing their business plans. Business Planning support will be made available to communities to ensure that robust plans can be put in place. Where no plan is able to be developed the Council will develop a timetable for decommissioning.

- **That sufficient project management capacity is identified to deliver a County and Community Managed Library programme.**

13.17 Undertaking such a significant change in library service delivery will require substantial amounts of project management capacity.

13.18 The Community Managed model that was consulted on included ongoing professional support in the running of a library service. It is right that communities are supported throughout the transition year to allow the greatest potential for success in developing their community library. However, in any change process such as this, there will need to be clear milestones to be achieved to ensure that the programme is on track and that the emerging plans are likely to be sustainable

over the longer term. These milestones will be included in Timetable and Strategy that will be presented to Cabinet in July 2018.

- **That a renewed Library timetable is implemented in 2018-19 that is focussed on meeting peak customer demand.**

13.19 Respondents to the consultation expressed strong views about the length of opening hours, stating that although libraries are open for long hours, often these hours do not correspond with when customers most need to use the library. Similarly, very many respondents questioned the viability of Sunday opening. Library usage statistics for Sundays suggest that these are often the least used times during the week and that are some of the most costly to staff due to the enhanced payments due on a Sunday. This would enable this staffing resource to be redirected into the core opening hours where there is more customer demand. Similarly by analysing the days and times of peak customer usage, a more sustainable timetable could be arrived at. It is important to recognise that there can be no standard timetable for county libraries as each library responds to local conditions e.g. market day, village bus days.

- **That the mobile library service is withdrawn and that an extended Library to You service is implemented to support customers who find accessing a static library difficult.**

13.20 The current mobile library is out of lease and beyond reasonable economical repair. It incurs significant costs on a monthly basis to keep it on the road. There are a small number of mobile library users, which leads it to be the least cost-effective element of the library service. Commissioning a new vehicle would take about 6 months and would cost approximately of £150k.

13.21 To continue to provide a library service to customers who are unable to visit a static library, the mobile library service would be replaced with the volunteer run 'Library to You' service. This service is well established and has run in its current form for many years, providing a link for people across the county who are unable to visit the libraries in person.

13.22 Discussions with the community sector have been initiated to explore the possibility of linking with volunteer driver schemes. These schemes currently provide transport for medical appointments and could be extended to offer a 'You to the Library' service, where customers would be transported to their nearest library to choose reading materials and take part in library activities – thus increasing social inclusion and wellbeing.

- **That an options paper is prepared in relation to the future delivery of universal Children's Centre Services.**

13.23 Respondents to the consultation felt strongly about the impact that reducing universal children centre provision from libraries would have. There were many case studies which highlighted the value that universal access to these services

has for individuals and for communities. The library service review did not include a review of options relating to Universal Children’s Centres specifically but rather considered the provision as part of the whole service provision. Respondents to the consultation felt very strongly about this. It is therefore right that this aspect of the overall library service provision should now be subject to a more in-depth review of the options for future delivery in the context of a County and Community Library Service model.

14. Savings

- 14.1 Next year presents significant challenges when reviewing and developing a four year Medium Term Plan which not only needs to respond to an ever changing environment and economy but also faces the impact of Government changes and priorities.
- 14.2 The Business Plans provide a service perspective on the overall proposals, illustrating how they will deliver the Council’s priorities and outcomes within the resources available with the changes since the draft budget detailed within Appendix D.
- 14.3 The Table below summarises the total savings scoped within the Business Plans. Savings proposals are provided in detail within Appendix H.

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	Total £m
Adults Social Care	(12.3)	0.9	0.0	0.0	(11.4)
Children, Families and Education	(5.8)	(1.8)	(0.5)	0.0	(8.0)
Place Services	(4.7)	(0.5)	(1.5)	1.0	(5.7)
Public Health and Wellbeing	0.0	0.0	0.0	0.0	0.0
Total NCC Group (Chief Executive, LGSS and Corporate Services)	(6.7)	(0.3)	(0.9)	0.0	(7.8)
Savings Requirement for future years	0.0	(61.2)	(6.4)	(10.4)	(78.1)
Service MTP Savings	(29.3)	(62.9)	(9.3)	(9.4)	(110.9)

Table 4: Summary of Savings

- 14.4 The jump in savings requirement in 2019-20 is due to the one-off nature of the capital receipts utilised in 2018-19.

15. Business Plan Summary for 2018-19

- 15.1 The table below provides an overall summary of the Directorate resource allocations with total growth and savings included. This also presents the commitments to Schools. More detailed summaries for each Directorate can be found within Appendix H.
- 15.2 This report uses the current Directorate names in order to be consistent with the draft budget, consultation, and financial reporting throughout the year. For the purposes of the individual Business Plans in agenda item 8 revised Directorate naming changes from 2017-18 to 2018-19 have been used. For example Children, Families and Education is called Children First Northamptonshire within the 2018-19 Business Plans.

Directorate	Base £m	Service Pressures £m	Savings £m	Gross Budget £m	Income £m	Net Budget £m
People						
Adults Social Care	212.8	40.9	(12.3)	241.5	(51.6)	189.9
Children, Families and Education	153.2	13.6	(5.8)	161.1	(19.5)	141.6
Public Health and Wellbeing	52.0	0.1	0.0	52.1	(46.5)	5.6
Total People Services	418.0	54.6	(18.0)	454.6	(117.6)	337.1
Place Services	121.5	12.6	(4.7)	129.4	(39.3)	90.1
NCC Group - CE Services	63.6	7.0	(6.7)	64.0	(51.1)	12.9
Total Service Budget	603.0	74.3	(29.3)	648.0	(208.0)	440.0
Dedicated Schools Grant and Other Schools Income	221.0	0.0	0.0	221.0	(221.0)	0.0
Overall Total	824.1	74.3	(29.3)	869.0	(429.0)	440.0

Table 5: Directorate Allocations

16. Summary Medium Term Plan

16.1 Appendix C sets out the five year expenditure forecasts together with the total funding due for the period 2018-19 to 2021-22, and is summarised in table 6.

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Net Expenditure MTP base budget	416.8	440.1	482.4	504.0
Service Pressures and Investments	74.3	26.7	24.5	22.7
Efficiencies	(15.8)	(0.7)	(0.7)	0.0
Income Generation	(2.6)	(0.4)	(0.5)	0.0
Service Transformation	(8.2)	(0.6)	(1.6)	1.0
Service Reduction	(2.8)	(0.0)	0.0	0.0
Flexible Use of Capital Receipts	(12.3)	29.5	0.0	0.0
Movement in Budget Smoothing/Reserves	(18.0)	13.3	0.0	0.0
Movement in Service Income	8.6	(25.5)	0.0	0.0
Revised Net Service Expenditure	440.1	482.4	504.0	527.7
To Be Met By				
Other Central Grants and Contributions	(22.3)	(25.0)	(25.0)	(25.0)
Government Base Funding (SFA)	(115.5)	(97.1)	(97.2)	(97.2)
Council Tax and Collection Fund	(302.3)	(299.1)	(314.2)	(327.4)
Total Budget Funding	(440.1)	(421.2)	(436.4)	(449.6)
Base Budget Savings to be found per year	0.0	(61.2)	(6.4)	(10.4)
Cumulative savings to be found	(0.0)	(61.2)	(67.6)	(78.1)

Table 6: Total Revenue Expenditure and Funding 2018-19 to 2021-22

- 16.2 The funding of the net expenditure position above is based on the latest forecasts for Government Funding and assumed levels of Council Tax and Council Tax base.
- 16.3 Whilst the Government has provided some indications of the expected changes to funding in future years, the actual settlement figures have yet to be announced. This means that the numbers set out in within this report and appendices only reflect the latest information as known, and will still be subject to change.

17. Financial Strategy

- 17.1 Since 2010 a combination of government funding reductions and significant demand for services has resulted in the Council having to identify savings in order to balance its budget each year. Savings totalling £376m were identified across the period 2010-11 to 2017-18. The Council’s strategic approach to delivering savings is shown in the following diagram:



- 17.2 The continuation of austerity potentially beyond 2021, and above average population growth and demand for Council statutory services, means that over the next four years the Council will need to deliver a further £111m of savings, a total of £487m since 2010.
- 17.3 As each year passes, the cumulative nature of the Council’s significant savings programme, means that it has been increasingly difficult to identify areas of the Council that can be delivered more efficiently; and as such the 2018-19 budget proposals predominantly focus on service reduction on the limited amount of discretionary services still provided, and asset sales utilised through the Governments Flexible Use of Capital Receipts policy.
- 17.4 The Council has very limited scope to address its forecast medium-term funding shortfall structured in its current form. Although the Council constantly seeks value for money in all of its business decision making and transformation agenda, only significant local government re-organisation, moving to a Unitary status, would provide the opportunity to reduce its costs significantly over the coming years. Therefore at this stage the Council is facing a funding gap of £78.1m between 2019-20 and 2021-22. At this stage the Council is looking to address these gaps in

the main through funding transformational expenditure through the Flexible Use of Capital Receipts.

18. Reserves

- 18.1 The Council's Reserves Policy states that the level of reserves should be determined by taking account of the strategic, operational and financial risks facing the authority. Specifically, the Council is required to maintain general reserves sufficient to cover the key financial risks that it faces, as identified in its financial risk register.
- 18.2 In determining a prudent level of reserves to maintain, the Chief Financial Officer will take into account a number of factors. These could include:
- The current and future levels of inflation and interest rates;
 - Estimates of the level and timing of capital receipts;
 - Any risk and inherent service pressures from demography and demand;
 - The scale, scope and deliverability of planned efficiency savings, and
 - The financial risks inherent in partnership arrangements.
- 18.3 With the organisational changes ahead, the Council will aim to review and update the reserves position to take account of future risks and responsibilities.
- 18.4 The current forecast earmarked reserve levels indicate that there will be a total balance carried forward into next year are shown within Appendix G. (This excludes Schools Reserves, which are forecast to be £24m).
- 18.5 Assuming the successful sale of One Angel Square, the estimated end of year forecast balance of General Reserves continues to remain at £12m, which is in line with the agreed level laid down within the Reserves Policy of two to five percent of the Council's Net Budget Requirement.

19. Capital Strategy 2018-19 to 2021-22

- 19.1 The Capital Strategy defines and outlines the Council's approach to capital investment, including the processes by which the Council allocates its capital resources and the governance arrangements. The Strategy also provides details of the Council's future Capital Programme and Capital Funding expectations. The Strategy is attached at Appendix I.

20. Strategy for the County Property Estate

- 20.1 The Capital Strategy for the County Property Estate is an over-arching document which sets out the Council's approach to the utilisation and rationalisation of its property portfolio, outlining current issues and challenges and the steps being taken to achieve the required outcomes. The 2018-19 Strategy was presented as an

appendix to the Draft Budget report on 19th December 2017. The final 2018-19 Strategy is presented as an appendix to the Capital Asset Exploitation paper on today's agenda (Item 11).

21. Treasury Management

- 21.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 21.2 The Act requires that the Council sets out its Treasury Management Strategy Statement (TMSS) for borrowing, and prepares an Annual Investment Strategy. The Treasury Management Strategy at Appendix J, details the underlying policy that will govern the annual strategy statements.
- 21.3 The refreshed TMSS continues to comply with the CIPFA Code of Practice and has been updated to reflect the current financial environment.
- 21.4 An increasing Capital Financing Requirement (CFR) coupled with falling reserves and balances means that the Council's underlying need to borrow is increasing. The Council has now maximised its internal borrowing position to optimise the treasury position, reduce credit risk associated with investing and generate revenue savings. Therefore new loans, which have been budgeted for, will be required to maintain sufficient operational cash resources. Sources of finance include short term loans (up to 5 years) from other local authorities, the Public Works Loan Board and the Municipal Bonds Agency. The Council's balance sheet health will be monitored on a regular basis to ensure that an appropriate borrowing strategy is in place, minimising short to medium term costs.
- 21.5 The Minimum Revenue Provision (MRP) policy, set out within the Treasury Management Strategy Statement, sets out the policy for the forthcoming year. The MRP policy has been updated to reflect the Council's planned property investment activities to be funded from borrowing.

22. Chief Financial Officer Considerations

- 22.1 Section 25 of the Local Government Act 2003 requires that the Chief Financial Officer (CFO) must make a statement with regard to the robustness of the budget estimates and the adequacy of the level of reserves, when the Final Budget is presented to Full Council on 22nd February 2018.
- 22.2 In advance of this, there are a number of issues that the CFO needs to consider alongside this requirement, such as:
- The magnitude of savings to be found, and the ability to deliver such large savings in a single year, when the budget contains a significant amount of fixed costs over the short term.

- The level of risk the MTP carries as a result of the risk assessed levels of demand and demography.
- The sale of One Angel Square.
- The successful engagement of Members, senior officers and their teams in developing and establishing the four year position to smooth the MTP savings plans, aligning them with the available resources and using borrowing from reserves where appropriate to deliver this.
- Identification and delivery of asset sales.
- Full identification of qualifying transformational expenditure under the flexible use of capital receipts guidance.
- The continued uncertainty of changes to Government funding calculations.
- The risk of external challenge where appropriate consultation is not undertaken in a timely and targeted manner.

22.3 The above considerations are set out in more detail within the CFO's Section 25 report at Appendix K. This report considers the above factors together with the risks and required mitigations, recognising the need to be able to both build a robust and deliverable budget and deliver the necessary savings in an effective and coherent manner. The CFO recognises the significant financial pressure on the Council, the challenges ahead in delivering a substantial savings programme and the overall level of balances available to the Council following the significant financial challenges faced in 2018-19.

23. Alternative Options Considered

23.1 The acceptance of this report by Cabinet for submission to Full Council is a required step in the final approval of the 2018-19 budget and framework documents. In developing individual budget proposals, the Cabinet and senior officers will have considered alternative options through a series of scheduled meetings throughout the budget planning and setting process.

24. Financial Implications

24.1 The financial implications of the Council's draft plans are set out in detail in the appendices of this report.

25. Risk and Business Continuity Management

25.1 The robustness of the proposed estimates and the adequacy of the proposed reserves must be addressed in the formal report to be made in February 2018 to both the Cabinet and the Council by the Chief Financial Officer (Section 151 Officer). This report is required under Section 25 of the Local Government Act 2003 prior to the Council agreeing its 2018-19 budget.

25.2 The task of planning how the Council spends its financial resources, in an ever increasing challenging financial climate, inevitably results in higher budget delivery risks. The Cabinet must have regard to the Council's risk profile as set out in the risk registers, ensuring that budgets and the Council's financial reserves are sufficient to mitigate risks to acceptable levels. The Cabinet should also be satisfied that all budget proposals are sufficiently robust and deliverable.

a) Risk(s) associated with the proposal

Risk	Mitigation	Residual Risk
The Council is unable to deliver a balanced Budget for each year of the Medium Term Financial Plan: Proposals identified for 2018-19 will not be fully deliverable within the timeline available	Robust financial management processes to review and fully develop the following years Budget proposals with action plans in place for regular monitoring via the Budget Tracker.	Amber
Deliverability of savings proposals to address any estimated funding shortfall within the Medium Term Financial Plan	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
The ability to fully identify the appropriate level of transformational expenditure required for capital receipts to fund.	Early discussions to be held with external audit around approach and classification of expenditure to support identification principles'	Amber

b) Risk(s) associated with not undertaking the proposal

Risk	Mitigation	Residual Risk
The Council will not be in 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

26. List of Appendices

- Appendix A* – *Consultation Feedback Summary*
- Appendix B* – *EqlA Impact*
- Appendix C* – *Budget Summary*
- Appendix D* – *Post Draft Adjustments*
- Appendix E* – *Dedicated Schools Grant*
- Appendix F* – *Fees and Charges*
- Appendix G* – *Reserves Summary*

- Appendix H – Budget Proposals listing
 Appendix I – Capital Strategy
 Appendix J – Treasury Strategy
 Appendix K – Section 25 Report
 Appendix L – Flexible Use Capital Receipts – Transformation Projects
 2016-17 and 2017-18
 Appendix M – Libraries report
 Appendix N – Libraries Consultation Summary

Author:	Name: Iain Jenkins Team: LGSS Finance
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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 – Full Council 22 February 2018.
Does the report include delegated decisions? If so, please outline the timetable here	YES – see recommendations for delegated authority re funding still to be confirmed.
Is this report proposing an amendment to the budget and/or policy framework?	YES
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES Name of SFM: All YES
Has the report been cleared by the relevant Director?	YES Name of Director: Mark McLaughlin
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr R Brown
Has the relevant scrutiny committee been consulted?	Scheduled Scrutiny Committee: Finance and Resources
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: Liam Beasley
Have any property Issues been cleared by Property and Asset Management?	N/A

Procurement/Contractual Implications: <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? 	N/A
Are there any community safety implications?	NO
<i>Are there any environmental implications:</i>	NO
Are there any Health and Safety Implications:	NO
Are there any Human Resources Implications:	YES
Are there any human rights implications:	NO
Constituency Interest:	All