

North Northamptonshire Shadow Executive Committee

At 7:00 pm on Monday 7th December 2020
Held as a virtual meeting via Zoom

Item No: 04

Present: -

Shadow Members

Councillor R Roberts (Leader of the Shadow Authority and Chair)
Councillor J Addison
Councillor M Griffiths
Councillor D Jenney

Councillor J Smithers (Deputy Leader of the Shadow Authority)
Councillor W Brackenbury
Councillor T Beattie
Councillor I Jelley

Officers

R Bridge – Chief Executive
A Wylie – Monitoring Officer
P Goult – North Northamptonshire Democratic Services
T Grant – Chief Executive NCC

G Hammons – Interim Chief Finance Officer
L Hyde – Director of Transformation
B Smith – North Northamptonshire Democratic Services
D Watts – Director of Adult Services

Also in attendance – Councillor Stanbra, Councillor Bunday, Councillor Hakewill.

1. Apologies for Absence

Apologies were received from Councillor S North and Councillor T Partridge-Underwood.

2. Notifications of requests to address the meeting

The Chair informed the meeting that there had been three requests received to address the meeting. Councillor Stanbra, Councillor Bunday and Councillor Hakewill would address the Committee on Agenda Item 5 – Draft Medium Term Financial Plan & Budget 2021/22.

3. Members' Declarations of Interest

No declarations were made.

4. Minutes of the meeting held on 26th November 2020

The draft minutes of the Shadow Executive Committee meeting held on 26th November 2020 had been circulated.

Councillor W Brackenbury MOVED, and Councillor Jelley SECONDED that the minutes be approved as a correct record.

RESOLVED that: -

- (i) The minutes of the Shadow Executive Committee meeting held on 26th November 2020 be approved as a correct record and signed by the Chair.

5. Draft Medium Term Financial Plan (MTFP) & Budget 2021/22 – For Consultation

5(a) General Fund Revenue Budget 2021/22 and MTFP

The Chair (Councillor Roberts) invited the three registered public speakers to address the Committee.

Councillor Bunday addressed the Committee. Councillor Bunday noted that it was proposed to raise the Council Tax by the maximum amount permissible without triggering the local referendum procedure. Even with the proposed increase, the new authority's Council Tax would still be among the lowest in the country. Councillor Bunday recognised the difficulties of drafting a balanced budget under current circumstances. Councillor Bunday felt that it was important that all taxpayers across North Northamptonshire should be treated fairly and in an equitable manner. It was important that the new authority did what it could to support those on low incomes and suggested additional investment in social inclusion teams to assist taxpayers. The new authority needed to ensure that it liaised with other relevant partner agencies to assist those in difficulty, given current economic circumstances. It was important that support was given, for customers to help themselves.

Councillor Hakewill addressed the Committee. Councillor Hakewill wished it noted that he had circulated documentation to Committee members prior to the meeting; Councillor Hakewill invited Committee members to consider this in due course. Councillor Hakewill was concerned that the impact of the budget proposals on town and parish councils had not been fully considered. Councillor Hakewill cited the recent decision for Kettering BC to recharge town and parish councils for election costs. Councillor Hakewill also was concerned that the draft budget did not resolve the issues encountered by NCC and felt that the proposals did not provide a sustainable proposition.

Councillor Stanbra addressed the Committee. Councillor Stanbra wished it noted that it was not a balanced budget, that there was a gap of £10m. There was over reliance on the Government providing monies to meet the predicted gap. Councillor Stanbra also noted that there was a further £100m that needed to be found over the next 3-years. Councillor Stanbra also queried whether the information contained in the report matched that being presented with budget monitoring information at NCC. Councillor Stanbra expressed disappointment that the HRA Budget proposals had yet to be circulated, and that there was no information regarding the proposed level of reserves. In conclusion, Councillor Stanbra expressed concern in relation to the current proposals regarding harmonisation of the Council Tax Support Scheme, with reference to the negative impact on claimants in Corby.

The Chair thanked all public speakers for their contributions. The three speakers were removed from the virtual meeting at this point.

The Interim Chief Finance Officer (G Hammons) introduced the report. The report before the Committee set out the first draft Revenue Budget 2021-22 and Medium-Term Financial Plan for North Northamptonshire Council. The proposed budget commenced the budget consultation process. Residents, local partners, and other stakeholders would have the opportunity to review the proposed budget and provide feedback during the seven-week consultation period. The draft budget would also be presented to the Shadow Overview and Scrutiny Committee for comment and there would be wider engagement with the elected members for North Northamptonshire.

After considering the outcomes of both the review by the Shadow Overview and Scrutiny Committee and the wider consultation feedback, the Shadow Executive Committee would consider the proposals in the draft final budget and the Council Tax Resolution report for 2021-22 for recommendation to the North Northamptonshire Shadow Authority budget meeting on 25th February 2021. The Council Tax Resolution report would contain the final information from all the precepting authorities required to propose the Council Tax for all areas of North Northamptonshire.

The budget report set out the latest estimated funding position, service budget pressures, key financial risks and challenges influencing the development of the new North Northamptonshire Council's financial plans for 2021-22 and the ongoing financial impact of those plans, together with the longer-term estimates of funding and spending requirements.

The draft budget for North Northamptonshire Council would provide a range of services to residents and businesses across the area including care to vulnerable adults and children, education, the disposal and collection of waste, household waste recycling, economic development, housing, and support for the homeless.

The report stated that the creation of a new single tier council provided the opportunity to transform and improve local services for the residents of North Northamptonshire. The Council would work with businesses and other partners to support economic recovery following the COVID-19 pandemic and promote growth and would support its communities and vulnerable people through its work with the voluntary and community sector. The draft budget and Medium-Term Financial Plan had been developed in that context.

The draft budget and Medium-Term Financial Plan which had been prepared continued the improvement journey set out in the Future Northants Programme Prospectus for Change with investment in transformation for services, particularly within adults and children's services. The budget approach had been to provide a 'safe and legal plus' transition from the sovereign councils through the Blueprint. There were resources for the most vulnerable to provide support through the current COVID-19 pandemic. The budget included efficiencies arising from a review of the senior management restructure and recognised these were uncertain times by setting aside resources to respond to unexpected pressures.

Members noted that the new Council would continue to face financial pressures. It was recognised nationally that there were significant budget pressures for local government, not only from the longer-term impact of COVID-19 on costs and income, but also Social Care demand and other cost pressures which pre-dated the pandemic.

Whilst the creation of the new Unitary Council created several opportunities to benefit the region, it was also recognised that there were some risks and costs, both upfront and legacy, associated with the implementation of local government reform.

The Spending Review announced by the Chancellor on 25th November 2020 set out the funding for local government at a national level for 2021-22. There was recognition of some of the pressures facing the sector, including COVID-19, however, a large proportion of the funding announced was one-off in nature. This, together with changes to the funding regime for local government planned from 2022-23 onwards, leads to a great deal of uncertainty when developing medium-term financial plans. The main ongoing resource made possible

through the Spending Review was the ability to be able to increase Council Tax by up to 5%, inclusive of a 3% precept for Adult Social Care, for the next financial year.

In the face of these challenges, risks, and uncertainties over the short and medium term, the five predecessor councils had assisted to develop initial draft revenue budget plans for consultation which covered the period up to 2024- 25. These plans would need to be continually reviewed, monitored, and assessed, including post Vesting Day.

The draft budget and Medium-Term Financial Plan incorporated the initial financial benefits and economies of scale arising from amalgamating five councils into one. There would be further opportunities for savings in the future as service provision continued to be reviewed and transformed building on the work already undertaken as part of the Future Northants Programme.

However, the Council continued to face a forecast funding gap of £18m for 2021-22 having incorporated the Spending Review announcements where there was most certainty, financial benefits arising from economies of scale and government flexibilities for spreading the collection fund deficit over the three years 2021-22 to 2023-24.

To help maintain and protect levels of service provision the Shadow Authority would consult on a core Council Tax increase of 1.99% which was up to the level set by the government without triggering a referendum and utilising the allowable social care precept increase of 3% in full. This would contribute around £8m per annum and would represent a Band D level of Council Tax for North Northamptonshire Council of £1,532.90 in 2021/22, equivalent to £29.48 per week. This Band D figure did not include the Council Tax for individual town and parish councils or the Council Tax set for fire and police by the Northamptonshire Police, Fire and Crime Commissioner.

Members were reminded that the County Council's Band D Council Tax level was the lowest in the country for a County Council in 2020-21. The Council Tax for the Unitary Authority from 2021-22 would consist of both the County Council's precept requirements and a harmonised amount for the District and Borough Councils across the North, so that there is a single level of Council Tax for the new Unitary Authority. Based on 2020-21 Council Tax levels this would result in the North Northamptonshire Unitary Band D being in the lowest quartile for England.

To help put this into context the report indicated that the national average for a unitary council's Band D in 2020-21 was £30.17 per week which is £2.12 (or 7.5%) higher than the 2020-21 rate in North Northamptonshire (applying this average Band D level, the additional yield would have been around £12.2m). Council Tax income was key to the ongoing financial sustainability of the Council and the delivery of vital services to its residents alongside investment in its Neighbourhoods.

After the proposed increase in Council Tax there was still a funding gap to bridge of around £10m for 2021-22. To fund the remaining gap the Council would continue to work with government to receive a fair financial settlement. The Local Government Finance Settlement was expected to be announced in mid-December, and alongside this the Council would continue to develop ways in which it could produce a balanced budget for 2021-22 and over the medium term.

Following the consultation on the draft budget the full suite of budget reports would be presented to the Shadow Executive Committee on 10th February 2021. This would include the Revenue Budget 2021-22 and Medium-Term Financial Plan, the Housing Revenue Account Budget 2021-22, the Capital Strategy and Capital Programme, and the Treasury Management Strategy. The Draft Housing Revenue Account Budget 2021-22 would be considered by the Shadow Executive Committee on 7th January 2021 before consultation with the Tenants Forums in Kettering and Corby. These reports together would provide a framework for revenue and capital planning for 2021-22 and into the medium term. These budget reports, including the Council Tax Resolution would be considered by the Shadow Authority on 25th February 2021.

The budget timetable was set out in the table included within the report. Consultation would commence on 11th December 2020 and conclude on 29th January 2021.

It was noted that the North Northamptonshire Medium Term Financial Plan and Budget Task and Finish Group (NN MTFP & Budget T&F Group) established a set of guiding principles to steer the budget setting process. The key themes underpinning the draft 2021-22 budget as established by the NN MTFP & Budget T&F Group were as follows:

- Being safe, legal, and compliant;
- Resources are focussed on priorities;
- A financially balanced budget for 2021-22 and over the medium term;
- Value for money provided to the taxpayer and rent payer;
- An acceptable level of risk which is proactively managed; and
- Transparent decision making.

Councillor Addison thanked officers and Members for their work on formulating the draft budget proposals. Councillor Addison recognised the difficulties in drafting the proposals for Committee to consider. Councillor Addison noted that there were a few gaps in the proposals and hoped that additional information would be forthcoming. Councillor Addison welcomed the opportunity for as many people as possible to engage in the consultation process.

Councillor T Beattie queried whether officers had indication of the level of support from Government through the Local Government Settlement, and whether this would address the £10m gap in the budget proposals. Officers confirmed that discussions were ongoing with Government representatives, but it was impossible to confirm what the level of support would be. An announcement from Government would be forthcoming in the next couple of weeks. Officers hoped for a “decent” settlement.

Councillor Jelley thanked the public speakers for their respective contributions. Councillor Jelley stressed that these were draft proposals and hoped that as many people as possible would contribute to discussions through the consultation process. The draft budget was intended enhance and improve services and continue to promote growth. Councillor Jelley thanked all officers and Members involved in previous discussions and their contribution in formulating the proposals before the Committee. Councillor Jelley was certain that work on identifying further efficiencies would continue. Maintaining and improving services to the public was a key driver in the budget proposals. Councillor Jelley agreed that it was important that the new authority seek to support vulnerable members of the community.

Councillor Griffiths welcomed the report whilst recognising the challenges encountered in reaching the budget proposals.

Councillor Griffiths MOVED, and Councillor Jelley SECONDED the recommendations.

RESOLVED that the Committee: -

- (a) Noted the 2021-22 Draft Budget which will be consulted upon, which included:
- (i) An estimated Revenue Budget of £600.78m (£284.78m excluding Dedicated Schools Grant) as set out in Appendix A, this is subject to further update following the publication of the Local Government Finance Settlement;
 - (ii) Council Tax harmonisation for North Northamptonshire using the alternative notional amount approach over the shortest possible period;
 - (iii) Local Council Tax Reduction Scheme changes as outlined in the report in section 10.12-10.16;
 - (iv) A Band D Council Tax of £1,532.90 for North Northamptonshire Council (1.99% increase in “core” Council Tax and 3% Adult Social Care Precept);
 - (v) Savings and income generation proposals of £17.10m as set out in Appendix A;
 - (vi) Harmonised fees and charges as detailed in the Schedule at Appendix D;
 - (vii) Maximised Council Tax Long Term Empty Property Premium as set out in section 10.17-10.18 of the report; and
 - (viii) The potential remaining budget gap of £10m which will be addressed alongside the Local Government Finance Settlement.
- (b) Endorsed the consultation process outlined in section 16.8-16.14 of the report which commences on 11th December 2020;
- (c) Noted the Draft Fees and Charges Policy at Appendix C;
- (d) Noted the planned utilisation of the Dedicated Schools Grant (DSG) for 2021-22 pending the DSG settlement;
- (e) Following consultation with the Schools Forum, delegated authority to the Director for Children’s Services, in consultation with the Portfolio Holder for Children’s Services, the Portfolio Holder for Finance and the Executive Director of Finance (s151 Officer), to determine the DSG 2021-22 schools funding formula, high needs funding arrangements and the Early Years Funding Formula in line with Department for Education guidance;
- (f) Noted the provisional allocations of increased funding for the Schools Block and High Needs Block for 2021-22 and reduced Central Schools Services Block for the Dedicated Schools Grant (DSG) allocations.

5(b) Capital Strategy and Programme

The Interim Chief Finance Officer introduced the report. The report before Committee set out the Capital Strategy and baseline Capital Programme as at the end of November 2020 leading to consideration of the Final Programme by the North Northamptonshire Shadow Authority, for approval on 25th February 2021 alongside the Council’s Revenue Budget Report.

The report identified the key factors and challenges influencing the development of North Northamptonshire Council’s future commitments for 2021-22 and beyond, and the

governance process in place to successfully manage the review and approval of new schemes moving forward.

This would form part of the 7-week public consultation alongside the Draft Budget proposals following review by Shadow Executive Committee and by the Overview and Scrutiny Committee. After considering the outcomes of both the Overview and Scrutiny review and the feedback received from local partners and the public, the Shadow Executive Committee would recommend the proposals in the Final Capital Programme and Final Budget to the North Northamptonshire Shadow Authority meeting on 25th February 2021.

The report presented a draft Capital Programme for 2021-25 including the Housing Revenue Account (HRA) Capital Programme 2021-25 and a Baseline Development Pool based on the Capital Strategy principles agreed by the newly appointed senior officers, the North Northamptonshire Budget and Medium-Term Financial Plan Task and Finish Group (NN Budget & MTFP T&F Group) and Shadow Executive Committee.

The full suite of budget reports would be presented to the Shadow Executive Committee on 10th February 2021, which would include the Revenue Budget 2021-22 and Medium-Term Financial Plan; the Housing Revenue Account Budget 2021-22; the Capital Strategy and Capital Programme; and the Treasury Management Strategy. These reports together would provide a framework for revenue and capital planning for 2021-22 and into the medium term.

North Northamptonshire Council had not yet established a Corporate Plan. The North Northamptonshire Budget & MTFP Task and Finish Group established a set of guiding principles to steer the budget setting process.

The key principles underpinning the Capital Strategy in compiling the Capital programme were as follows:

- The delivery of a Medium-Term Capital Programme which is affordable and sustainable, ensuring that the Council's internal resources and application of external borrowing are utilised to fund capital expenditure where it supports the delivery of the Council's financial sustainability and where there are statutory requirements such as health & safety;
- The Capital Strategy should make explicit the links to, and integration with, the Council's other strategies. New capital investment will only be permitted if it contributes to the achievement of the Council's corporate priorities;
- The use of external funding is prioritised against the areas of greatest need, in the main supporting highways maintenance, the delivery of education places, the Corby Town Plan and Tresham Garden Village within North Northants. In the current financial climate priority will be given to schemes that also deliver transformation and/or revenue savings;
- Maximisation of the use of the Council's assets, and where possible working with local partner organisations to maximise the efficiency of assets across the public sector and North Northants;
- Take into account external influences such as the South East Midlands Local Enterprise Partnership, Oxford Cambridge Arc, Health, and joint working with other partner authorities etc;
- Key integration and links with the council's other corporate strategies including Corporate Plan, Treasury Management, Investment Strategy, and Asset Management Plan;

- Set out the Council's regeneration and economic development ambition and additional objectives;
- Set out the governance and risk management arrangements.

The Spending Review at the end of November announced £100 billion of capital spending next year to kickstart growth and support jobs. Schools, hospitals, and transport scheme projects would receive multi-year funding certainty, and the government would centre its spending around three objectives: economic recovery, 'levelling-up' and meeting the UK's net zero emissions target by 2050. £7.1 billion of Housing investment was also announced over a 4-year period to unlock up to 860,000 homes through capital grants and loan financing. The impact for North Northamptonshire was not yet known but would become clearer before the Final Capital Programme was set in February 2021.

HM Treasury ran a consultation on the future lending terms of the Public Works Loan Board (PWLB) with the aim of developing a proportionate and equitable way to prevent local authorities from using PWLB loans to buy commercial assets primarily for yield, without impeding their ability to pursue service delivery, housing, and regeneration under the prudential regime as they did now. The outcome was that PWLB would no longer lend to local authorities that planned to buy commercial assets primarily for yield. PWLB would still be available to all local authorities for refinancing.

The Council wished to invest in regeneration and economic development schemes, and this was included in the Development Pool with further work to be undertaken as the strategy developed alongside the overall council priorities and objectives post Vesting Day.

Councillor W Brakenbury thanked officers and Members for their work in bringing the draft budget to committee and hoped that as many people as possible would participate in the consultation process.

Councillor Griffiths felt that the current authorities had sound financial controls in place, and this would be replicated in the new authority. It was important that the new authority continued to develop and invest in the numerous assets held, for the benefit of the public.

Councillor Jelley believed that the proposals provided for a sustainable capital programme and would also see the authority work with partners such as SEMLEP to see further investment in the area.

Councillor Jelley MOVED, and Councillor Smithers SECONDED the recommendations.

RESOLVED that the Committee: -

- (a) Note the Capital Strategy, Capital Programme 2021-25, HRA Capital Programme 2021-25 and Baseline Development Pool which will be consulted upon, with the understanding that these will change for any schemes that are not complete by the current predecessor authorities at the end of March 2021 and for any new schemes submitted through the agreed governance process between now and February 2021.

In conclusion, the Chair hoped as many members of the public and stakeholders would engage in the consultation process. These were draft proposals and would evolve over the coming weeks.

6. Exempt Items

There were no exempt items.

7. Urgent Items

There were no urgent items.

8. Close of Meeting

Meeting closed at 7:39 pm.