



**CABINET**

**11<sup>th</sup> DECEMBER 2018**

**EXECUTIVE DIRECTOR OF FINANCE: IAN DUNCAN**

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

<b>Subject:</b>	Monthly revenue monitoring report for the financial year ending 31 <sup>st</sup> March 2019, as at 31 <sup>st</sup> October 2018 (period 7).
<b>Recommendations:</b>	<p>Cabinet is requested to:</p> <ol style="list-style-type: none"> <li>1. Note the forecast outturn position for 2018-19, and associated risks.</li> <li>2. Note the risk assessment of 2018-19 saving proposals in Appendix A.</li> <li>3. Note the inclusion of the 2018-19 Stabilisation Plan savings proposals.</li> </ol>

**1 Purpose of Report**

- 1.1 This report provides a summary of the forecast outturn position for the 2018-19 financial year, based on income and expenditure up to the end of October 2018. It also includes an update on the 2017-18 audit of accounts which has an impact on the Council’s outturn for 2018-19 as it includes a brought forward deficit.
- 1.2 The Council’s forecast in year outturn for 2018-19, based on spending to the end of October is an overspend of £15.6m. This is an improvement of £14.5m on the position reported in the July 2018 s114 notice, an improvement of £2.5m from the Period 6 monitoring report. As stated above, this forecast position includes £4.6m of savings from the Stabilisation Plan. The remainder of the Stabilisation Plan will be included in the position in future monitoring reports when the proposals have been implemented and the savings confirmed.

**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.

The Council’s financial performance will affect its ability to meet all of its corporate plan objectives.

- 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.

### **3 Background**

- 3.1 On 24<sup>th</sup> July 2018 the Council's Director of Finance issued a section 114 notice. The notice forecast a deficit of between £60m to £70m in 2018-19, after taking account of the brought forward deficit from 2017-18, significantly more than previous reported forecasts. This report sets out the variances compared to budget and those since the s114 notice.
- 3.2 The Council has a statutory duty to deliver a balanced budget. This is set out in both the 1988 and 1992 Local Government Finance Acts.
- 3.3 A Stabilisation Plan was approved by Cabinet on 9<sup>th</sup> October 2018, which included the development of additional savings proposals totalling £18.2m for delivery in 2018-19. Further savings of £1.7m have been identified since that Plan was approved.
- 3.4 The Period 7 Monthly Finance Report includes £4.6m of proposals from the Stabilisation Plan that have been assessed as delivered. Those are shown as green-rated in the table on page 14, with the remaining savings measures requiring further work by services to confirm the deliverability. This is a prudent approach to financial reporting.
- 3.5 The proposals from the Stabilisation Plan which are amber rated at this stage are still to be implemented in 2018-19 and will be included within the outturn forecast upon their delivery. There are £2.9m of red rated proposals in the Stabilisation Plan. These will need to be mitigated in year.
- 3.6 On the 22<sup>nd</sup> November Full Council approved the resources required to deliver the Council's Transformation Strategy. Transformation resources required in 2018-19 total £3.7m, these costs are to be met through the flexible use of Capital Receipts. Transformation schemes will be monitored and tracked through the Transformation Governance Process.

### **4 2017-18 Statement of Accounts, and unfunded deficit**

- 4.1 Adjustments agreed with the external auditor of £40.0m mean that after applying the remaining usable reserves, a deficit of £35.3m to the 2017-18 Accounts will be brought forward to be recovered in 2018-19. These are set out in the table below. This is £1.3m more than had been anticipated in the s114 Notice due to a higher amount of non-qualifying transformation expenditure than previously forecast and a higher level of reserves that cannot be used.

<b>Estimated unfunded deficit brought forward from 2017-18</b>	<b>£000</b>
Capitalised transformation expenditure	16,998
Use of Section 106 receipts for revenue purposes	13,500
Use of Section 38 receipts for revenue purposes	2,900
Public Health provision	8,000
Less Reduced MRP charge relating to PFI assets	(1,355)
<b>Total Adjustments</b>	<b>40,043</b>
Less Use of remaining usable reserves	(4,739)
<b>Unfunded Deficit Carried Forward to 2018-19</b>	<b>35,304</b>

4.2 The closing position for 2017-18 cannot be fully confirmed until the audit of the 2017-18 accounts has been concluded, which is anticipated to be in January 2019. At the present time, the conversations with the external auditor suggest there will not be any changes to these figures.

4.3 Within the Stabilisation Plan, the Commissioners set out their intention to apply to the Ministry of Housing, Communities and Local Government (MHCLG) for a Capital Dispensation. On 28<sup>th</sup> November 2018 the Council was informed that the application had been approved, and formal direction issued. The condition of this direction is that the Council may use its capital receipts to recover the deficit recognised in 2017-18 accounts, to create an unallocated revenue reserve of £20m, and to manage the risk of savings identified in the Stabilisation Plan. For further details see the 2019-20 budget report item on the same Cabinet agenda as this report.

## **5 Estimated Outturn**

5.1 The Council's forecast in year outturn for 2018-19, based on spending to the end of October is an overspend of £15.6m. This is an improvement of £14.5m on the position reported in the July 2018 s114 notice, an improvement of £2.5m from the Period 6 monitoring report. As stated above, this forecast position includes £4.6m of savings from the Stabilisation Plan. The remainder of the Stabilisation Plan will be included in future monitoring reports when the proposals have been implemented and the savings confirmed.

5.2 The table on the following page shows:

- The net budget approved by the Council for the year.
- The forecast net spend for the year based on spend to end of October.
- The difference between the two, the forecast variance at year end.
- The forecast from the prior month's monitoring report.
- The movement in the variance between period six and seven.
- The estimated variance when the s114 notice was issued on 24<sup>th</sup> July.
- The final column shows the change or movement in the forecast year-end position since the s114 notice was issued.

Forecast Outturn 2018-19 by Directorate	Net Budget £000	Forecast Net Spend at 31/03/19 £000	Period 7 Forecast Variance at 31/03/19 £000	Period 6 Forecast Variance £000	Movement from prior month. (favourable) / adverse £000	Estimated variance in s114 Notice £000	Movement in variance. (favourable) / adverse £000
Chief Executive Services	3,167	3,590	423	379	44	1,445	(1,022)
Children First Northamptonshire	121,836	119,623	(2,213)	(867)	(1,346)	1,873	(4,086)
LGSS	17,448	17,925	477	540	(63)	514	(37)
Northamptonshire Adult Social Services (NASS)	182,200	182,132	(68)	261	(329)	5,820	(5,888)
Place Services	104,199	103,998	(201)	345	(546)	1,120	(1,321)
Wellbeing and Prevention	5,237	5,448	211	430	(219)	671	(460)
Schools	260	260	0	0	0	0	0
Corporate costs: Treasury, Insurance and Technical Services	6,926	(5,154)	(12,080)	(11,659)	(421)	(10,997)	(1,083)
Shortfall on budgeted transformational expenditure 18-19	0	30,100	30,100	29,700	400	29,700	400
<b>Total budgeted expenditure</b>	<b>441,273</b>	<b>457,922</b>	<b>16,649</b>	<b>19,129</b>	<b>(2,480)</b>	<b>30,146</b>	<b>(13,497)</b>
Less funding	(441,273)	(442,273)	(1,000)	(1,000)	0	0	(1,000)
<b>Net Position 2018-19</b>	<b>0</b>	<b>15,649</b>	<b>15,649</b>	<b>18,129</b>	<b>(2,480)</b>	<b>30,146</b>	<b>(14,497)</b>
Unfunded deficit brought forward from 17-18	0	35,304	35,304	35,304	0	34,027	1,277
<b>Net including 17-18 deficit</b>	<b>0</b>	<b>50,953</b>	<b>50,953</b>	<b>53,433</b>	<b>(2,480)</b>	<b>64,173</b>	<b>(13,220)</b>

5.3 **Chief Executive Services** are forecasting an overspend of £423k which is an adverse movement of £44k from the Period 6 forecast position mainly due to a pressure in Executive Support, an increase in staffing costs. Total pressures and mitigations are:

- | Pressures  | £000 |
|--|------|
| <ul style="list-style-type: none"> <li>Under-delivery of 2018-19 savings proposals: <ul style="list-style-type: none"> <li>Communications – commercialisation work</li> <li>Review of commercial activity</li> </ul> </li> </ul> | 545  |

## Digitalisation

- Overspend in BIPM due to increase license costs and loss of income. 150  
**740**

### Mitigations

- Underspend on elections budget as year-end balance will not be transferred to reserve (90)
- Underspend in Customer Services due to additional income and planned vacancy management. (227)  
**(317)**

**Net Position** **423**

5.4 **Children First Northamptonshire (CFN)** are reporting an underspend of £2,213k, which is a favourable movement of £1,346k from the Period 6 forecast position. The movement is driven by delivery of staffing related stabilisation plan items totalling £575k and one-off non ring-fenced grants offered up totalling £375k. There are further favourable movements in relation to the previously reported pressure of £150k on Community Equipment spend which will now be capitalised, and £215k newly identified refinancing schools revenue contributions to capital through prudential borrowing. Total pressures and mitigations are:

### Pressures **£000**

- Slippage in delivery of New Models of Care delivery savings. 1,253
- In year demand pressures on Agency Placements. 1,000
- First Point of Contact saving no longer viable given the resource required to address issues that have arisen about the effectiveness of the proposed service model and the operational, strategic and reputational risk to the organisation since the proposal was agreed. 500
- Troubled Families income shortfall. 325
- Targeted Early Help proposal partly undeliverable. 300
- Risk provision on amber rated savings. 250
- Mother and Baby Assessments overspend. 200  
**3,828**

### Mitigations

- Net staffing budgets underspend due to the difficulty in recruiting to Qualified Social Worker posts / turnover management in Early Help, Learning Skills Education and Quality & Performance (2,751)

• Legal Costs underspend.	(600)
• International Social Worker Recruitment over-achievement.	(500)
• One off non-ring-fenced grants offered up.	(370)
• Residential short breaks income from the CCGs.	(300)
• Refinancing schools revenue contributions to capital through prudential borrowing	(215)
• Training deferred to next year.	(177)
• General supplies underspend.	(124)
• Other minor variances.	<u>(54)</u>
	<b>(5,091)</b>
<b>Position before Stabilisation Plan</b>	<b><u>(1,263)</u></b>
Stabilisation Plan proposals delivered to date	(950)
<b>Net Position including Stabilisation Plan</b>	<b><u>(2,213)</u></b>

5.5 **LGSS** is forecasting an overspend of £477k, which is a favourable movement of £63k from the Period 6 forecast position. The movement is driven by a revised amber rating for a savings proposal relating to IT and an increased underspend within NCC DSS relating to one-off prior year accruals. Total pressures and mitigations are:

<b>Pressures</b>	<b>£000</b>
• Under-delivery of 2018-19 savings proposals – reduction in internal audit days no longer taking place.	150
• Additional External Audit work due to high risk audit	300
• Direct payments income target.	45
• Other minor variance.	50
• Risk provision on amber rated savings.	27
• Pre-stabilisation plan pressures now addressed	<u>159</u>
	731
<b>Mitigations</b>	
• Underspend on councillor allowances and training budget.	<u>(95)</u>
	(95)
<b>Position before Stabilisation Plan</b>	<b><u>636</u></b>
Stabilisation Plan proposals delivered to date	(159)
<b>Net Position including Stabilisation Plan</b>	<b><u>477</u></b>

- 5.6 **Northamptonshire Adult Social Services (NASS)** is forecasting an underspend of £68k.
- 5.7 The position this month reflects incorporating further deliverable stabilisation savings of £1,110k (In addition to £700k included last month) related to capitalisation of community equipment expenditure. In addition to the prior report, further vacancy savings of £283k are forecast, reflecting the difficulty of recruiting to permanent roles on a timely basis across the service.
- 5.8 The forecast pressure across independent care budgets has marginally reduced this month by a total of £187k, mainly driven by the impact of releasing more in house Residential beds to NCC clients, where it is evident that it is more cost effective than spot purchasing beds when taking into account fixed costs already incurred by NASS.
- 5.9 An additional pressure of £520k has been identified this month mainly driven by a lower forecast in Sales income associated with in-house residential beds of £419k. This is due to increased utilisation by NCC clients, and has released a corresponding reduction in forecast expenditure against independent care budgets this period.
- 5.10 There is a further pressure of £135k on the Mental Health pooled budget with health this month. The CCG is the lead commissioner for Mental Health care and this pressure reflects a continuing issue with a lack of step down care and an over reliance on more expensive locked rehabilitation care. Urgent meetings have now been held with health on a financial and commissioning recovery plan to be implemented.
- 5.11 Pressures have been reviewed and the report includes further increases in the provision for aged debt by £103k to £254k and a reduction in non-invoiced deferred income of £255k. Deferred income is secured against client estates and has yet to be invoiced.

<b>Pressures</b>	<b>£000</b>
• Older People Independent Care – a reduction in pressure forecast of £383k since the last report due to maximising utilisation of in house residential beds	5,097
• Learning Disability Independent Care – an increase of £597k compared to prior report due to re-assessment of delivery of savings	3,470
• Transitions Independent Care – the forecast pressure on transitions has reduced this month by £209k due to a revision in the cost of forecast packages due to start prior year end	1,827
• Physical Disability Independent Care – reduced pressure of £194k compared to previous reported month due to a revision in forecast activity	589

• Independent care budgets – Slippage of Brokerage saving	3,450
• Independent care budgets – Slippage of Shaw utilisation saving	1,500
• Mental Health pool pressure on Adult Social care element	1,447
• Forecast impact of Aged Debt at 31 <sup>st</sup> March 2019	254
• Forecast reduction in non-invoiced deferred income	255
• Increased use of Northamptonshire owned care home beds for Older People has driven a reduction in income from self funders	520
• Other minor variances across the service	<u>203</u>
	<b>18,612</b>

### **Mitigations**

• Staff vacancies/Turnover management	(1,673)
• Residential care block contract related to the over provision Of inflationary elements built into the budget of block contracts	(1,157)
• Service contingency released	(4,419)
• Over performance of Income	(1,847)
• Release of contract inflation	(2,885)
• Release of provision for 17-18 sleep in costs	(2,015)
• Additional Adult Social Care grant funding	(2,717)
• Mental Health Independent Care underspend	<u>(167)</u>
	<b>(16,880)</b>

<b>Position before Stabilisation Plan</b>	<b><u>1,732</u></b>
Stabilisation Plan proposals assessed as deliverable	(1,800)
<b>Net position including Stabilisation Plan</b>	<b><u>(68)</u></b>

5.12 **Place** is reporting a forecast underspend of £201k, an improvement of £546k from the Period 6 forecast position.

<b>Pressures</b>	<b>£000</b>
• Under-delivery of 2018-19 savings proposals:	1,163
- Reduction in forecast receipt of income from sub-letting One Angel Square.	
- Property rationalisation programme	
- Delayed implementation of the Trading Standards service restructure	
- Delay in implementing the additional on-street parking scheme.	
• Changed approach to the implementation of a Managing Agent delivery model.	1,000
• Undeliverable previous years Schools PFI savings.	1,700
• Property Services – unavoidable delays in exiting buildings, offset by savings on stationery, income from car parking,	127

and reduction in spending.	
• Changed approach to generation of commercial income	500
• Street lighting PFI scheme	<u>124</u>
	<b>4,614</b>

### **Mitigations**

• Additional penalty charge income and vacancies in Parking.	(361)
• Waste Management underspend based upon activity to date in 2018-19, withdrawal of premium paid on recycling credits for kitchen food waste, reduction in cost of green waste due to a dry summer and decrease in disposal costs of paint through a revised approach.	(1,842)
• Underspend on Waste contract renewal budget.	(368)
• Additional NRSWA income and contract reconciliation payments.	(271)
• Development, Infrastructure & Funding - vacancy management and s106 income.	(215)
• Environment, Planning & Transport - reduction in consultancy costs.	(133)
• Archives and Heritage underspend due to salary capitalisation and turnover management.	(306)
• Forecast reduction in Home to School Transport costs	(400)
• Other in-year underspends, which mainly relate to Highways (£90k), Transport (£75k), Outdoor Learning (£46k) and Country Parks (£31k).	(283)
• Transformation Fund.	(203)
• Drawdown of provision.	<u>(105)</u>
	<b>(4,487)</b>

<b>Position before Stabilisation Plan</b>	<b><u>127</u></b>
Stabilisation Plan proposals assessed as deliverable	(328)
<b>Net position including Stabilisation Plan</b>	<b><u>(201)</u></b>

5.13 **Corporate costs - Treasury, Insurance and Technical Services** are reporting a £12,080k underspend for 2018-19, an improvement of £421k from the Period 6 forecast position. This is driven mainly by an additional interest receivable in the Stabilisation Plan that's forecast to be delivered (£540k), a reduction in aged debt provision (£200k), a requirement to replenish a specific reserve which is required in year (£130k) and a one-off cost of single person discount review (150k).

<b>Pressures</b>	<b>£000</b>
• Under-delivery of car mileage proposal	500
• Apprentice Levy efficiency proposal with no agreed plan for	

delivery in 2018-19	666
• Shortfall on Insurance budget compared to forecast activity	765
• Social Impact Bonds – income proposal from 2017-18 which is unlikely to be realised in 2018-19	1,250
• Risk provision on amber rated savings	350
• Cost of Commissioners	264
• Additional Corporate finance expertise to support production of the Stabilisation Plan and budget setting process	240
• Cost of external reviews	60
• Additional staffing cost in Chief Executive services	200
• Cost of single person discount review	<u>150</u>
	<b>4,445</b>

#### **Mitigations**

• Benefit of change to Minimum Revenue Provision policy	(10,501)
• Release of Sleep-In contingency	(3,787)
• Additional forecast of interest receivable due to increased cash position following OAS sale	(300)
• Release of corporately held growth proposals to support transformation costs and performance management growth requirements	<u>(1,397)</u>
	<b>(15,985)</b>

#### **Position before Stabilisation Plan**

Stabilisation Plan proposals delivered to date, excluding £500k  
Funding included in section 5.3

**Net position including Stabilisation Plan** **(12,080)**

5.14 **Wellbeing and Prevention** is reporting a forecast overspend of £211k. This is a favourable movement of £219k from last month due a contribution to support costs from Public Health and the delayed recruitment of vacant posts in the Community Safety team.

<b>Pressures</b>	<b>£000</b>
• Libraries Savings Proposal (Red Rated)	542
• Libraries – Judicial Review Costs	200
• Public Health Grant assurance review (Social Wellbeing contract)	241
• Coroner's service – forecast overspend due to increased death rate since the budget was set	<u>114</u>
	<b>1,097</b>

### Mitigations

- Libraries mitigations including pausing book fund spend and staffing vacancies (542)
  - Other underspends in Public Health and Wellbeing (129)
- (671)**

<b>Position before Stabilisation Plan</b>	<b><u>426</u></b>
Stabilisation Plan proposals delivered to date	(215)
<b>Net position including Stabilisation Plan</b>	<b><u>211</u></b>

## 6 Funding

6.1 The net cost of council services are funded from three areas: council tax, business rates, and government grants, as set out in the table below.

Funding	Net Budget £000	Forecast Income at 31/03/19 £000	Forecast Variance at 31/03/19 £000	Estimated variance in s114 Notice £000	Movement since s114 notice was issued £000
Council Tax income	(302,336)	(302,336)	0	0	0
Business Rates income	(92,680)	(93,680)	(1,000)	0	(1,000)
Revenue Support Grant and other Central Government Grants	(46,257)	(46,257)	0	0	0
<b>Total NCC Funding</b>	<b>(441,273)</b>	<b>(442,273)</b>	<b>(1,000)</b>	<b>0</b>	<b>(1,000)</b>

6.2 Forecast council tax income is based upon the budgeted council tax precept amount, and tax base and collection rate information provided by district and borough councils who collect council tax.

6.3 As part of the Stabilisation Plan the Council is working with Districts and Boroughs to review the timing of Collection Fund surplus payments and required levels of provisions such as bad debt provision to release further resources to the Council. Positive discussions have taken place with the s151 officers and the next step is to discuss with the Councils' external auditors. Once agreement has been sought with each District and Borough Council on these changes, the financial benefit will be reported in the relevant future finance report.

6.4 The Council is a member of Northamptonshire's business rates pool. Based upon the first quarter's pool returns, there is an anticipated increase in business rates income above the budgeted amount in 2018-19 of £1.0m. This includes the £500k of additional business rates income shown within the Stabilisation Plan.

6.5 Central Government Grants includes the Revenue Support Grant (£22.5m) and Better Care Fund (£15.3m). All central grant income is regularly monitored and is currently forecast to be in line with the budget.

## 7 Reserves

7.1 As set out in the Period 5 report, the Council has a brought forward deficit of £35.3m after using all of its usable reserves.

7.2 The table below sets out:

- The forecast year end position when the 2017-18 budget was approved on 28<sup>th</sup> February 2018 which was incorrect.
- The draft Statement of Accounts that were reported to Audit Committee in June 2018.
- The forecast position in the Statement of Accounts subject to the conclusion of the audit, likely to be reported at the end of November 2018.
- Note: Table only shows reserves that can be utilised for general revenue purposes. Excludes schools reserves, capital receipts reserve and capital grants unapplied reserve.

	Reserve balances forecast as per Budget Report (MTFP) 31/03/18 Positive/(negative) £000	Draft Accounts 31/03/18 Positive/(negative) £000	Forecast Re-Styled Accounts 31/03/18 Positive/(negative) £000
General Fund Balance / (Deficit)	12,021	0	(35,304)
General Fund Earmarked Reserves	26,943	7,982	3,243
Total	38,964	7,982	(32,061)

## 8 2018-19 Savings Delivery Performance

8.1 The Council has a savings requirement of £35.4m within its 2018-19 budget set in February 2018. The deliverability of these proposals is being monitored by each accountable service lead, budget manager and senior officers. Corporate oversight is through monthly review by NCC Management Team as part of the sign-off process of the financial monitoring position, quarterly performance boards and the Cabinet.

8.2 The latest assessment on the deliverability of these proposals is set out in the table below by Directorate. Further detail on non-deliverable or part-deliverable proposals and corresponding mitigating actions is set out in Appendix A.

8.3 The Stabilisation Plan as approved by Council on the 9th October is now included within Appendix A, and will be monitored as part of the existing process.

8.4 Savings rated as red, non-deliverable and a risk adjusted proportion of amber rated savings have been reflected in directorate forecasts.

**Table: 2018-19 savings proposals**

RAG analysis by directorate	Saving Target	Green	Amber	Red	Forecast to be deliverable	Forecast of Amber to be non-deliverable	Non-deliverable. Included in Directorate outturn position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive Services	1,569	1,024	0	545	1,024	0	545
Children First Northamptonshire	6,732	4,479	700	2,053	4,929	250	2,303
Treasury insurance & Technical Services	4,800	3,950	350	500	3,950	350	850
Wellbeing and Prevention	792	250	0	542	250	0	542
LGSS	2,207	1,953	36	218	1,962	27	245
Northamptonshire Adult Social Services (NASS)	12,798	7,848	0	4,950	7,848	0	4,950
Place	6,462	5,299	0	1,163	5,299	0	1,163
<b>Total</b>	<b>35,360</b>	<b>24,803</b>	<b>1,086</b>	<b>9,971</b>	<b>25,262</b>	<b>627</b>	<b>10,598</b>

**\*Note:** Includes forecast over-delivery of £500k on proposal 17-002-10.

**Key:** Green = Deliverable.  
Amber = Deliverable, with risks.  
Red = Unlikely to be delivered

## 8.5 Amber Rated Proposals

8.6 The table above sets out the Director's latest assessment of the deliverability of the saving proposals within the 2018-19 budget. A full breakdown is given in Appendix A.

8.7 Out of the £35.4m proposals, £1.1m are assessed as being amber rated. This means that they are deemed to be deliverable in 2018-19, but there are risks associated with them. Directors have assessed a confidence level against the deliverability of these proposals. The confidence levels prescribe a percentage against each proposal, assessing its forecast level of deliverability. Applying these percentages against the total value of the £1.1m of amber rated proposals gives a risk-weighted pressure of £0.6m that are included in Directorate forecasts.

## 8.8 Stabilisation Plan proposals

8.9 The table below sets out the additional saving proposals that form part of the Stabilisation Plan as approved by Cabinet on 9th October, these proposals provide a further £19.9m of savings in additional to the 2018-19 Budget. The £19.9m includes £18.2m of savings from the stabilisation Plan and a further £1.7m identified since the Stabilisation Plan was approved.

**Table: 2018-19 Stabilisation plan proposals**

RAG analysis by directorate	Saving Target	Green	Amber	Red
	£'000	£'000	£'000	£'000
Chief Executive Services	45	0	0	45
Children First Northamptonshire	1,424	950	0	549
Treasury insurance & Technical Services	11,402	1,040	10,362	0
Wellbeing and Prevention	494	215	0	279
LGSS	336	159	177	0
Northamptonshire Adult Social Services (NASS)	2,141	1,800	341	0
Place	400	328	0	72
Cross Service	3,693	143	1,631	1,919
<b>Total</b>	<b>19,935</b>	<b>4,635</b>	<b>12,511</b>	<b>2,864</b>

**\*Note:** Includes forecast over-delivery of £75k on proposal NCC58

8.10 Out of the £19.9m proposals, £12.5m are assessed as being amber rated, of these £7.8m relate to the Council Tax measures currently being discussed and £2m on capitalisation of equipment. These proposals are still expected to be deliverable in 2018-19, but will only be included in the reported outturn forecast upon their completion. The £4.6m of proposals which are green rated have been completed and are therefore included in the forecast outturn position. The remaining £2.9m of proposals are red rated and Directors are currently working on mitigations.

## 9 Risks

- 9.1 Delayed Transfer of Care (DTC) – The recorded DTCs have reduced from 102 in August 2017 to 66 in September 2018, however admissions in the over 65s are high and the average number of people staying over 21 days is twice the national average at 12%. There is national pressure to reduce this and Department of Health sponsored reviews have led to further actions to reduce long stays and has conversely increased DTCs. This creates continued risk of the service being charged “disbursement fees” or fines by the Acute Hospital at £155 a day for every day that a person is prevented from leaving hospital.
- 9.2 Hospital Demand - Continued demand for Adult Social Care to reduce delays in the transfer of care from hospitals and move people on to the next step on their care pathway. 95% of those admitted are over 65 years old and the majority of complex discharge cases are over 75 years old. Long stays and delays in discharge led to an increase in admissions to care homes and particularly nursing homes where a shortage of spaces is driving up costs. The number of over 65s

care home admissions per 100,000 population rose in 2017-18 from 470 to 550 as a direct result. A reflection of the anticipated increase in demand relating to winter pressures has been incorporated into the financial position based on prior year's trends.

- 9.4 Adults' services aged debt remains high, where £6.9m of debt is aged over 12 months. The impact on revenue for this level of debt is captured in the reported financial position, but there is significant risk of further pressure for debt currently aged between 7 and 12 months. If this debt is not collected by the end of the year, additional provision will need to be made up to £1.5m. Corporate review of the arrangements for debt collection are underway to mitigate the risks associated with the provision increasing including instructing external agencies.
- 9.5 The Library Service savings approved in the budget will not be achieved as intended following the decision to pause the proposed decommissioning of 21 libraries and the outcome of the Judicial Review. The Library service is implementing alternative savings to mitigate this impact by pausing spending on new book purchases and daily newspapers.
- 9.6 ERP Gold – post implementation review has highlighted a level of risk around supplier payment processes which are currently under review.
- 9.7 The Winter Maintenance budget is subject to potential pressure every year on account of the unpredictable nature of the weather conditions. However, in order to better forecast and manage this pressure, Place will be focusing on a tighter monitoring regime, including trend analysis and weekly reporting on the cost of the winter service based on factors such as salt usage and the number of events.
- 9.8 Mitigations are still required for red rated Stabilisation Plan savings measures.

## **10 Consultation and Scrutiny**

- 10.1 All 2018-19 Budget proposals were consulted on prior to the budget being approved by Full Council in February 2018.
- 10.2 Any management interventions required to ensure the Council does not overspend its Budget that require a policy change, will be subject to a consultation before any decision is taken.
- 10.3 Where full consultation is necessary, full details will be presented to Cabinet separately. Cabinet can only make a decision after taking careful account of the results of such consultation in order to reach an informed decision.

## **11 Equality Screening**

- 11.1 Where material mitigating actions may have an impact upon customers with regard to their protected characteristics, they will have an equality impact assessment carried out prior to being implemented to ensure that the implications are fully understood.

## Appendices

### Appendix A – 2018-19 Savings Proposals tracker

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Contact details:	Tel: 01604 364664 Email: <a href="mailto:IJenkins@northamptonshire.gov.uk">IJenkins@northamptonshire.gov.uk</a>
Background Papers:	Stabilisation Plan presented to 9 <sup>th</sup> October Cabinet.
Does the report propose a key decision is taken?	YES
If yes, is the decision in the Forward Plan?	N/A
Will further decisions be required? If so please outline the timetable here	Yes, future Cabinet Meetings.
Does the report include delegated decisions? If so, please outline the timetable here	N/A
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	YES Name of SFM: All  N/A
Has the report been cleared by the relevant Director?	YES Name of Director: All
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Cllr Longley
Has the relevant scrutiny committee been consulted?	Finance and Resources Scrutiny Committee can review if required in their work programme
Has the report been cleared by Legal Services?	YES Name of solicitor: Shahin Ismail
Have any communications issues been cleared by Communications and Marketing?	YES Name of officer: Simon Deacon
Have any property Issues been cleared by Property and Asset Management?	NO
Procurement/ Contractual Implications: <ul style="list-style-type: none"> <li>• Have you evidenced compliance with the Council's Contract Procedures Rules?</li> <li>• Have you identified where you are seeking Cabinet to approve</li> </ul>	NO

<p>an exemption from the Contract Procedure Rules and detailed the risks and mitigations?</p> <ul style="list-style-type: none"> <li>• 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?</li> <li>• Have you identified the procurement or contractual risks associated with a contract?</li> <li>• Has the contract/procurement been subjected to the Council's Commercial Board?</li> </ul>	
Are there any community safety implications?	NO
Are there any environmental implications:	NO
Are there any Health and Safety Implications:	NO
Are there any Human Resources Implications:	NO
Are there any human rights implications:	NO
Constituency Interest:	All

