

BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 1
Report Originator	Strategic Management Team	Fwd Plan Ref A17/020	
Wards Affected	All	15 th November 2017	
Title	Northamptonshire County Council – Budget Consultation and Medium Term Financial Projections		

Portfolio Holder – Cllr L Thurland

1. PURPOSE OF REPORT

The purpose of the report is to:

- a) Provide members with a high level summary of the two budget reports that were presented to Northamptonshire County Council's (NCC) Cabinet on 19th October 2017 - the first report provided an update on NCC's 2017/18 budget and the second report an update on NCC's Medium Term Financial Plan together with a number of initial saving options that are being consulted on;
- b) Based upon the information that is currently available, provide members with some preliminary comments about the potential impact that the saving options could have on the services currently provided by Kettering Borough Council (and other District and Borough Council's in the county);
- c) Remind members of KBC's agreed policy position in relation to potential service / funding reductions of other public sector partners;
- d) Agree an approach to respond to NCC's current budget consultation.

2. BACKGROUND

2.1. NCC's Cabinet considered two reports at their meeting on 19th October. The first report provided an update on the 2017/18 budget projections and the second report outlined a number of saving options that are being consulted on to help start to close the estimated budget gap for 2018/19.

2.2. The reports considered by NCC's cabinet are public documents and can be accessed at the following link;

<https://cmis.northamptonshire.gov.uk/cmis5live/MeetingsCalendar/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/2922/Committee/399/Default.aspx>

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[Item06_MediumTermFinancialPlan-Refresh](#)

[Item06_MediumTermFinancialPlan-Refresh_Appendix-C-northamptonshireLibrariesAndInformationServiceReview2017](#)

[Item07_QuarterlyRevenueFinanceReport](#)

[Item07_QuarterlyRevenueFinanceReport_Appendix-A](#)

[Item07_QuarterlyRevenueFinanceReport_Appendix-B-ReservesForecast](#)

- 2.3. NCC have also recently published the results of a Financial Peer Review undertaken by the Local Government Association. This is also a public document and is available at the following link;

<http://www3.northamptonshire.gov.uk/councilservices/council-and-democracy/performance-and-plans/Documents/Northamptonshire%20CC%20-%20FINAL%20Feedback%20Report.pdf>

- 2.4. This report is brought before members of the Executive Committee not to make judgement or comment on the financial strategy that NCC have followed – that is a matter for NCC itself. However it is important that members are appraised of the financial challenges that NCC are facing and the potential implications that this may have on the services provided by KBC.
- 2.5. Summarising the position that NCC are currently facing for next financial year (2018/19) - the estimated savings required to deliver a balanced budget for 2018/19 are around £37.3m. Initial saving options of £9.6m are being consulted on. The consultation period runs for 6 weeks from the date of the Cabinet report 19th October 2017 (ie, until 30th November) with the exception of the consultation on possible changes to the libraries which has a 12 week consultation period (ie, until 11th January 2018).
- 2.6. Comments received as part of these consultations will be reported back to the County Council's December Cabinet meeting and comments on the library proposals will be reported back to the Cabinet early in the New Year.

3. NCC BUDGET PROJECTIONS

2017/18 – Latest Forecast

- 3.1 When NCC set its budget for 2017/18 it estimated that it would have to deliver savings of £58m – this is after having already been faced with savings of over £300m from previous years.
- 3.2 The scale of savings combined with limited contingency options, emphasises the challenges faced in delivering the current years' budget.

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- 3.3 At the end of September 2017, NCC reported that they were predicting an overspend of £11.965m (when compared to their original budget position). This is mainly as a result of emerging pressures which have been identified and overspends within Northampton Adult Social Services that are predominately driven by increased pressure on demand led care budgets. There are also significant demand led pressures within Children, Families and Education.
- 3.4 The pressures of £11.965m would have been around £10m greater had they not been partially offset in the main by a number of one-off savings identified as part of the management intervention programme within Corporate Services, this includes the use of reserves (£4.3m), use of capital receipts (£4.3m) and using commuted sums (£2.9m).
- 3.5 Full details of the pressures and savings are detailed in the County Council's report (see the first web link).

Medium Term Projections

- 3.6 This section provides a summary of NCC's Medium Term Financial Plan and provides a summary of the initial savings proposals that are currently being consulting on for 2018/19.
- 3.7 NCC's Medium Term Financial Projections (MTFP) had originally shown the savings targets for the three year period 2018/19 to 2020/21 totalled an additional £58m. As a result of increased demand and other pressures the target has now increased by just under £25m to around £83m.
- 3.8 The County Council are initially consulting on a collection of saving proposals totalling just under £11m. Depending on the outcome of the consultation this could reduce the levels of savings over this three year period to £72m. The composition of the savings target over each of the years is illustrated in the Table 1 (as set out in the NCC Cabinet report);

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Table 1 – NCC MTFP				
	2018-19	2019-20	2020-21	Total
	£'000	£'000	£'000	£'000
Original MTFP Gap (3.5)	12,300	27,900	17,800	58,000
Risks to existing proposals (5.10)	6,320	28,872	15,680	50,872
New pressures (5.11)	6,247	1,039	1,197	8,483
17-18 Delivery impact (5.12)	24,702	(1,333)	0	23,369
Revised MTFP Gap	37,269	28,578	16,877	82,724
Proposals identified in (5.16 – 5.24)	(9,565)	(839)	(486)	(10,890)
Revised MTFP Gap	27,704	27,739	16,391	71,834

- 3.9 It is important that members recognise at this juncture that should the County Council decide that it can identify and implement initial savings proposals of £9.6m for next years' budget, this still leaves a budget gap of around £27m that will need to addressed.
- 3.10 It is also worth noting that the current figures have been produced before the Government's November Budget and prior to the Local Government Finance Settlement – it would not be uncommon for the figures to require amendment after these announcements.

4. Budget Consultation Proposals

- 4.1 The full details of the consultation proposals are shown in the NCC Cabinet report (see the link in section 2.2). NCC have categorised the proposed savings options into the following six headings (together with a brief commentary).

Please note – the following paragraphs are direct extracts taken from the NCC Cabinet report.

Optimum Service Delivery (5.16) - £3.6m - £4.6m

We need to simplify our delivery structures and models to remove duplication, unnecessary oversight and management and ensure the right services are delivered in the right place (for customers) at the right cost. Services based on statutory duties or grant funded will be maintained but we will scale the rest of our

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services to what we can afford or will support communities to provide. The optimum mix of duty, quality and cost will be achieved.

Demand Management (5.17) - £766,000

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

Marketing and Commissioning (5.18) - £986,000

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

Financial Strategy and Income (5.19) - £1.9m

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

Workforce Strategy (5.20) - £1.6m

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

Enablers for Change (5.21) - £361,000

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

- 4.2 It is clear that the savings proposals could have a number of operational / service delivery implications for District and Borough Councils. Whilst it is difficult at the present time to be specific about the exact implications – Table 2 provides some initial commentary about the potential issues for KBC. The detail of the savings proposals that are shown in the following table are all previously included in the totals of the savings that have previously been shown in section 4.1 of this report.

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Table 2 – Options and Potential Implications	
NCC Option	Potential Implications for KBC
<p>Highway Maintenance Standards (5.16)</p> <p>Tranche 1 - reduced weed killing treatment, reduction in road marking maintenance, targeted traffic signal maintenance, reduced travel mode support campaigns and road safety education. Remove parish enhancements highways activity and reduced capital spend on traffic management and supply chain. Staff implications for Kier. Tranche 2 takes this further to reach the total saving.</p> <p>Est Saving £1.160m</p>	<p>Reduction in weed killing treatment – minor increase in volume of calls and complaints to KBC.</p> <p>Road marking maintenance - signs and lines are integral to effective residents parking schemes.</p>
<p>Bus Subsidies (5.19)</p> <p>The removal of subsidies for bus services where there is no statutory duty to provide them - this could impact on local economy, congestion and integrated transport options and on rural services unless the existing or new provider will continue without subsidies. Would also include the County Connect and Call Connect Service.</p> <p>Est Saving £1.054m</p>	<p>Requests for transport support for attracting employees to the area are likely to increase through KBC business engagement and economic development activity.</p> <p>General access to KBC Face to Face services in all towns will be restricted if reduction in local bus services.</p> <p>(Linked to options for library services below in para 4.3)</p>

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NCC Option	Potential Implications for KBC
<p>Trading Standards (5.16)</p> <p>Review the duties, responsibilities and standards of service delivery provided by the Trading Standards Service with a reduction of approximately 16 staff and focus based on risk and priority, and less preventions.</p> <p>Est Saving £0.6m</p>	<p>A reduction in Trading standards prosecutions for illicit alcohol sales is likely to also mean a reduction in the requirement for KBC to undertake licence reviews.</p> <p>NCC's Trading standards and KBC's public and environmental health functions work closely together. The implications for KBC service provision are likely to be:-</p> <ul style="list-style-type: none"> • Licensing enforcement – a reduction in cases uncovered and raised by Trading Standards in respect of unlawful activity, for example under age sales of alcohol, glue, tobacco, knives, fireworks safety and sales, and the appearance of dangerous, illicit or counterfeit goods for sale in the area. This will weaken the licensing function and joint working with the police on this function. It is understood that the police may increase their involvement in testing underage sales of alcohol as a consequence. • Monitoring of loan shark lending – this will impact on the most vulnerable people in the community, many of them our tenants and benefit claimants, and will increase the workload and complexity of cases dealt with by the KBC social inclusion team, and our partners. • Private roadside cars sales – illegitimate second hand car businesses selling cars at the roadside and posing as private sales when they are in fact a business, this type of activity may increase. • Some animal welfare issues which currently get dealt with by T/S could migrate to KBC • Waste offences - The multi-agency enforcement group is led by Trading Standard and if it ceased, would reduce joint working and data sharing which in turn could increase the incidence of illicit waste disposal and make it harder to track offenders.

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NCC Option	Potential Implications for KBC
<p>Winter Maintenance (5.17)</p> <p>Reduced stock levels of salt based on typical demand, reduced winter gritting to 32% of the network, charges for parishes for filling grit bins, and shortening committed winter service and staff stand-by costs.</p> <p>Est Saving £0.475m</p>	<p>Access and safety particularly on the rural roads could impact on winter bin collection and recycling in severe weather conditions.</p>
<p>County Council Ward Initiatives Fund (5.20)</p> <p>Remove Empowering Councillors and communities fund of £5k per councillor.</p> <p>Est Saving £0.285m</p>	<p>Likely to result in higher number of requests to KBC Members Initiatives Fund from the community and voluntary sector.</p>

- 4.3 The County Council are consulting on three options regarding Libraries, the three options are summarised in Table 3;

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Table 3 – Library Options			
	Option	Savings £'000	Impact to Kettering Borough Council
1	Closure of Rothwell and Desborough Libraries with an opportunity/call for a community managed library service in both or either towns with provision of stock, systems and support for volunteers/community organisations. No premises or paid staff included in this option.	290	<p>Loss of venue for KBC Face to Face customer service provision,</p> <p>Desborough 24 hours per week Rothwell 21 hours per week Burton Latimer 12 hours per week</p> <p>The Social Inclusion team also operate on an ad hoc basis in the A6 Towns libraries so would require alternative venues.</p>
2	Closure of Rothwell and Desborough Libraries	619	In addition Customer Service Advisors placed in the A6 towns take telephone calls in support of the Customer Contact centre when they have no face to face customers.
3	Closure of Rothwell, Desborough and Burton Latimer Libraries	1,226	<p>Alternative front facing solutions in the A6 towns could result in increased staffing costs as currently no issues arising from lone working as joint with NCC staff.</p>

4.4 Kettering Borough Council currently provides customer service staff at each of the A6 town libraries totalling 57 hours of face to face contact each week and just under 7,000 customer visits per year.

4.5 The County Council's estimated savings for 2018/19 are around £37m, the options out to consultation amount to around £10m which could reduce the savings target to £27m.

5 CONSULTATION AND CUSTOMER IMPACT

5.1 The County Council's report and the budget setting process will be subject to scrutiny through the Finance and Performance Scrutiny Committee's Budget sub-group.

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- 5.2 The County Council is required to formally consult on its Budget and Council Tax options as set out in its Constitution for a period of at least six weeks following the publication of the Draft Budget as per the forward plan.
- 5.3 The Council will, in line with their revised business planning process, be looking to consult on the proposals set out in this paper earlier than the 2018-19 budget consultation in December. In the case of the libraries and children's centre services proposals, this allows a full 12 week consultation period, which is usual practice in such circumstances. For other proposals, it allows them to consider the feedback from six weeks of consultation on the first phase of proposals to meet contractual or procurement deadlines, or where there is the possibility of realising any in-year savings during 2017-18.
- 5.4 The County Council's remaining proposals which will be included in the December Cabinet paper will form part of a six week budget consultation, subject to any individual requirements linked to contractual, employment or other relevant legislation.
- 5.5 This Council will clearly continue to have dialogue with the other local authorities within the County over the coming weeks re: the implications of the proposed savings. Where possible, we will seek to agree a common response to the consultation with other District and Borough Councils whilst recognising that there are likely to be specific issues that KBC will wish to comment on directly to NCC.

6 POLICY IMPLICATIONS

- 6.1 From a KBC perspective, it is worth reminding members of the relevant Council's Financial Guiding Principles – as outlined below;

Financial Golden Rules;

- a. The General Fund Working Balance should not fall below £1m or 10% of net revenue expenditure (whichever is the greater);
- b. When setting the level of council tax, members should always consider the medium term outlook to ensure that a sustainable budget position is maintained;
- c. The Council must always ensure that adequate funding is provided to cover all of its statutory and regulatory responsibilities;
- d. Should the Council decide to allocate significant additional / new funding to a specific service – it should identify where the required funding is coming from (or compensating savings are to be made);
- e. When setting the Capital Programme, in addition to meeting statutory responsibilities, priority will be given to schemes that are beneficial to the council's overall revenue budget position;

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- f. The council must ensure that it has an overall level of revenue reserves that are appropriate for the overall level of risks that the organisation faces – including potential national funding changes.
- g. In line with the council's investment strategy, the council will look to invest in schemes that will have a positive impact over the medium term on its budget position including taking out long-term debt financing (where there is an appropriate business case);

Financial Guiding Principles;

- i. When funding for a specific service is reduced / withdrawn (from national government or another provider) the council should not substitute itself as a provider or funder of the service – unless there are exceptional circumstances.
- ii. When considering the Capital Programme, due regard is given to ensure that existing council assets are properly maintained.
- iii. Where decisions are required about the priority of funding for services, the following is followed;

Priority 1 - Statutory Requirements

Priority 2 – Fit to Council Objectives of;

- ◆ Better Town Centres
 - ◆ Better Jobs
 - ◆ Better Education Offer
- iv. Continue to seek strategic partnerships with other public sector providers to help protect services for our residents – especially those that help promote economies of 'scope' rather than 'scale';
 - v. To maximise the resources that are available to the authority, the council will continue to actively lobby the Government on relevant issues.

6.2 Members will recall that at a meeting of Full Council in April 2016 a detailed resolution was passed re: the future of public service delivery in Northamptonshire. As a result of that resolution, an independent consultancy firm was jointly commissioned by the Districts and Boroughs (excluding Wellingborough) and it is hoped that shortly that study will be completed. Clearly, all the issues contained within this this report have a direct relevance to that piece of work.

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7 USE OF RESOURCES

7.1 As outlined in the report.

8. RECOMMENDATIONS

That the Executive:

- 8.1 Note the updates provided in this report;
- 8.2 Recognise the financial challenges that are facing Northamptonshire County Council;
- 8.3 Where possible, seek to submit a collective response with other District and Borough Councils in relation to the savings options that are being consulted upon;
- 8.4 Agree to give delegated authority to the Head of Resources (in consultation with the Finance Portfolio Holder) to formally respond to the current NCC budget consultation.

Background Papers:

Title of Document: Estimate Working Papers

Contact Officers: M Dickenson

Previous Reports/Minutes: