



WEST NORTHAMPTONSHIRE JOINT COMMITTEE

7th January 2020

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| Report Title | Future Northants Finance Update |
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AGENDA STATUS: PUBLIC

1. Purpose

- 1.1 The purpose of this report is to provide an update on the baseline financial position for the Future Northants Programme and advise of the financial control / reporting processes for the Programme.

2. Recommendations

- 2.1 It is recommended that the WNJC:
- 2.1.1 Notes the baseline financial position for the level of Future Northants programme investment and benefits estimated to arise from the LGR Programme as shown in Appendix 1.
 - 2.1.2 Notes the financial monitoring process for reporting to the Joint Committee outlined in paragraph 3.2.10.
 - 2.1.3 Notes the Future Northants programme delegations for reporting virement between Programme Workstreams and the process for reporting changes to the baseline financial position for investment and benefits outlined in paragraph 3.2.11.

3. Issues and Choices

3.1 Report Background

- 3.1.1 All eight councils in Northamptonshire are investing a total of £43.5m to transition and transform services as part of establishing two new unitary councils in the county. Whilst we recognise that this is a substantial investment, the creation of the two new councils is expected to deliver

significantly greater financial benefits that will more than offset the costs. The return on investment for local residents is further improved as funding received from government is paying for around half of the investment.

- 3.1.2 Two larger authorities replacing seven smaller district and borough and the larger county councils will of course create natural efficiencies through economies of scale and streamlined processes, making it easier for residents to access joined up services. However, a significant element of the investment is directed towards prevention and edge of care strategies to avoid escalation of needs and crisis which costs significantly more to deal with, for example social care costs become unaffordable. This is where the bulk of the financial savings will be derived whilst at the same time securing better outcomes for the residents of Northamptonshire.
- 3.1.3 This report provides an update on the financial position of the Future Northants Programme.
- 3.1.4 During the summer of 2019 all of the eight councils in Northamptonshire worked together to develop a Prospectus For Change. The Prospectus is an integrated plan for local government reform and transformation in Northamptonshire.
- 3.1.5 The Prospectus included a forecast budget of £43.5m for delivering the Future Northants Programme.
- 3.1.6 This Prospectus would be funded from Business Rates Retention Pilot monies, contributions from each of the eight councils in Northamptonshire and Northamptonshire County Council transformation budgets.
- 3.1.7 The investment is anticipated to realise significant benefits for the residents of the West Northamptonshire. The benefits expected to arise will be financial through being more efficient and non financial through better management of service demand and improvements to service levels.

3.2 Issues and Choices

- 3.2.1 The Future Northants Programme baseline financial position can be summarised as follows:

| Estimated Total Investment | Forecast Annual Budget Savings | Forecast 5 Year Total Cash Savings |
|-----------------------------------|---------------------------------------|---|
| £43.5m | £85.9m | Upto £430m |

- 3.2.2 The investment and benefits by workstream are set out in Appendix 1.
- 3.2.3 The investment of £43.5m is a one off cost and is anticipated to be incurred in 2019/20 and 2020/21. Over the medium term benefits of £85.9m are anticipated to accrue on an annual basis once they are implemented. Over a 5 year period up to £430m of benefits could accrue, a ten fold return on investment. The benefits have already started to be delivered in 2019/20, with more planned for 2020/21, and will initially benefit existing councils. Benefits

arising beyond 2021 will be incorporated into the medium term financial planning work for the two new councils. In addition there are expected to be improvements to the way services are provided to the residents of West Northamptonshire.

3.2.4 It should be noted the baseline, by its very nature, is an initial assessment of the investment and benefits for each workstream based on high level business cases and assumptions. The work over the coming months to develop detailed plans and assess assumptions made is likely to lead to changes to the baseline. The changes are likely to impact on both the level and timing of investment and benefits.

3.2.5 The investment of £43.5m is to be spent on transformational changes in local government services across the county including new models for delivering social care, demand management, prevention, new operating models for childrens and adults services; as well as specialist housing and accommodation for the most vulnerable. The investment is being funded by the following income sources:

- Business Rates Retention (BRR) Pilot Monies (£18.7m). As part of its bid to government to be accepted as a pilot Northamptonshire councils signed up to collective governance arrangements to manage this funding.
- NCC Transformation Programme (£5.6m). Monies have been approved by NCC as part of its 2019/20 budget setting process.
- Equal contributions of £2.4m from the eight sovereign councils (£19.2m). Contributions of £0.5m per council for 2019/20 have been approved by each council. The budget setting process for 2020/21 will need to agree the remaining contribution of £1.9m per council.

3.2.6 In summary the transformation of local government services across Northamptonshire is funded by both central government and local councils, as set out in the table below. When compared to the level of benefits expected to be delivered across Northamptonshire the return on investment from local taxpayers money demonstrates good value for money.

| Government Funding (BRR) | Northamptonshire Council Funding |
|---------------------------------|---|
| £18.7m | £24.8m |

3.2.7 Each council has approved or is in the process of considering for approval, the delegations with regards to Business Rates Retention Pilot monies and the equal contributions from each council. An example of the delegations being put in place is set out below. The precise wording of the delegations for each council will be along these lines albeit tailored for each council's constitution.

3.2.8 Indicative delegation from council / cabinet / executive:

- *delegates authority to the Chief Executive, in consultation with the s151 Officer and Leader, to represent the Council on the Business Rates Pilot Board and to make whatever decisions necessary to represent the interest of the Council on that Board within the parameters set out by MHCLG and which shall include the authority to agree the allocation of this funding.*

- *delegates authority is to the Chief Executive and s151 Officer, in consultation with the Leader, to monitor the spend of £2.4m against the milestones and aims of the Future Northants Programme as directed by the Secretary of State and any future Structural Changes Order, when made.*

3.2.9 Financial Reporting and Control

The Future Northants Programme is currently establishing the robust financial management processes. The programme team is working closely with the Chief Finance Officers (CFOs) of the eight sovereign councils to establish financial monitoring, reporting and governance processes. The programme team includes a senior finance lead/enabler role and two benefits realisation accountants.

3.2.10 Financial Monitoring and Reporting Process

The baseline budget for investment and benefits arising from each workstream in the Programme is set out in Appendix 1. It should be noted this is a baseline position and it is likely to change over the course of the programme as more detailed work is undertaken. The financial monitoring process for the programme will be undertaken for each workstream. The Senior Responsible Officer (SRO) will be accountable for the baseline financial position for their workstream. The SRO will be assisted by one of the CFOs from the eight existing sovereign councils to ensure the financial position being reported is robust and realistic. The finance resource in the programme team will work with service managers and finance colleagues across all councils to provide financial support and advice to ensure a consistent approach throughout the workstreams.

The individual workstream financial positions will be consolidated on a monthly basis into an overall monitoring statement for the Future Northants Programme. This will be reported to the Design Board and Leaders Oversight Board meetings at their monthly meetings. As part of this process the assumptions underpinning the forecasts will be challenged and scrutinised at each stage to ensure a robust financial position is reported.

The investment reporting will include the budget, spend to date (including commitments) and variance. The benefits reporting will include budget, a tracker to demonstrate progress, split cashable/cost avoidance/non financial benefits and return on investment. In addition there will be supplementary reporting of those projects utilising Business Rates Retention Pilot monies for reporting back to government in line with the governance proposals.

3.2.11 Virement of Monies within the Programme

The baseline is an initial allocation of monies to workstreams based on initial plans. Once detailed plans for each workstream have been developed and the robustness of figures reviewed there may be a need to move monies between workstreams.

The limits and approach, which have been considered by Design Board and Leaders Oversight Board, for the movement of monies between workstreams (virement) are as follows:

| | |
|--------------------------|--------------------|
| Programme Director / SRO | Up to £100k |
| Design Board | £100k – £250k |
| Leaders Oversight Board | Greater than £250k |

All virements will be reported, either for information or decision, to the next meeting of Design Board, Leaders Oversight Board. Virements would be reported to Joint Committees for information.

3.2.12 Approval of Additional Monies into the Programme

The approval of any monies over and above the £43.5m investment would need to be approved by the eight sovereign councils. The investment of further monies would be subject to a business case which would need to demonstrate the benefits being realised are worth the extra cost.

At the time of writing no further investment is anticipated. However, the re-alignment of vesting day to April 2021 may mean that there is investment planned by the eight sovereign councils in their budgets for 2020/21 that would form part of the Future Northants Programme. This position will be kept under review.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no direct policy implications arising from the report.

4.2 Resources and Risk

4.2.1 The report is financial in nature and clearly sets out the financial implications.

4.2.2 There are no direct human resource implications arising from the report. However, the Future Northants Programme budget does include monies for staffing to deliver the programme.

4.2.3 Risk management is a core element of the Future Northants programme. Each of the programme portfolios and work streams have risk registers embedded within them in line with established project management methodologies. These risk registers are reviewed at each portfolio board meeting. Risks are also reported by exception to Design Board and Leaders Oversight Board.

4.3 Legal

4.3.1 There are no direct legal implications arising from the report.

4.4 Equality and Health

- 4.4.1 The equality and health implications are anticipated to be neutral arising from the report.

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