Budget Book 2012-13
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Section One

Introduction and Background
Introduction

During autumn 2010, the Government carried out a major spending review (SR10) of local government expenditure. This saw the biggest reduction ever seen in Local Government funding in response to the Coalition Government’s drive to reduce the national deficit. Furthermore, the impact of this reduction in funding was front loaded over the first two years of the Spending Review period 2011-12 to 2014-15.

Table 1 below shows the original reduction in Government formula funding from SR10, and its impact on NCC as reflected in last year’s budget and Medium Term Financial Plan (MTFP) reports.

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<tbody>
<tr>
<td>National % Initial Reduction in real terms</td>
<td>7.1%</td>
<td>7.1%</td>
<td>7.1%</td>
<td>7.1%</td>
<td>28.4%</td>
</tr>
<tr>
<td>National % Reduction in Cash terms</td>
<td>10.7%</td>
<td>6.4%</td>
<td>0.9%</td>
<td>5.6%</td>
<td>23.6%</td>
</tr>
<tr>
<td>NCC % Reduction in Cash terms</td>
<td>11.9%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>5.7%</td>
<td>25.9%</td>
</tr>
<tr>
<td>NCC Formula Funding Reduction</td>
<td>£22.7m</td>
<td>£14.0m</td>
<td>£0.0m</td>
<td>£8.8m</td>
<td>£45.5m</td>
</tr>
</tbody>
</table>

Table 1 – Formula Funding Reductions 2011-12 to 2014-15

In addition to reductions in Government formula funding, the Council has also had to address reductions in other Government grants, along with pressures on the existing budget and related assumptions on items such as inflation, utility costs and contractual pressures.

In total, taking into account reductions in funding together with inescapable pressures and some service investment, NCC was required to make £69.3m savings in 2011-12 and a further £69.7m over the following three years. To put this into context, this meant saving more in a single year, than the Council had previously been required to save over the preceding three years.

Despite the unprecedented level of savings required in 2011-12, the Council made good progress throughout the year towards delivering this challenging budget, and the outturn was in line with the budget by the end of the year.

The scale of the austerity savings required have led to difficult decisions being taken that have undoubtedly impacted on the community, our partners and employees. The Council has seized the opportunity to reshape the organisation and laid the groundwork for an innovative, fully balanced, four year approach to its finances that will ensure the Council is far better placed to navigate the on-going challenges that still face it.

The innovative solutions which were necessary to deliver such significant savings, have led to local national recognition in many areas. NCC was alone in seeing an improvement in both the public’s view of road conditions and speed of repair; library usage has increased as the service has made a move to greater self-service; the national award winning Think Home First team has ensured no formal social care delays for people leaving hospital in 2011.

In relation to the groundbreaking shared service collaboration with Cambridgeshire County Council, the Secretary of State for Communities and Local Government, Eric Pickles MP said:

“I applaud Northamptonshire and Cambridgeshire for showing real initiative in achieving major savings in a way that protects frontline services that matter most to their residents.”
The diagram below shows the increasing costs of Council services in the absence of any savings. The cost pressures are the result of growing demography and increasing service demand and inescapable pressures such as rising inflation, contract costs and higher taxes. Radical changes will continue to be required to reduce these costs and to improve still further efficiency and productivity in order to remain within the Council’s funding constraints.

The Council will need to deliver innovative savings and efficiencies to address these cost pressures. This is in the context of being one of the most productive and cost effective County Councils in the country, in virtually all quarters from Fire & Rescue to Library Services, whilst charging citizens the lowest county Council Tax in the country, on a like for like basis as evidenced by the graph over the page.

The County Council will need to not only continue its ongoing review of service delivery but also to deploy new and different ways and methods of working. The Council must continue to be in a position to shape and future proof the achievement of customer and community outcomes through the use of sensible, lean and pragmatic thinking.

It is evident that Local Government will continue to be set considerable challenges to deliver more for less for the foreseeable future. This will require the support and engagement of citizens, communities, local businesses and employees, working innovatively together to continue to protect the most vulnerable whilst at the same time seeking to grow the prosperity and influence of the County for the benefit of the citizens of Northamptonshire.

This is all part of the Council’s Local Deal for 2012, and reflects the determination of the Council to use all the resources available to it, to deliver on its vision of making Northamptonshire a great place to live and work.
National Perspective

At the time of the Government’s 2010 Autumn Statement in November 2010, GDP growth as reported by the Office of Budgetary Responsibility (OBR) was forecast at 2.1% for 2011. This was revised downwards to 1.7% in the March 2011 Budget when the OBR said:

“Looking over the whole five-year forecast horizon, we expect this recovery to be weaker than the recoveries of the 1980s and 1990s, with the calendar year growth rate remaining below 3 per cent in every year.”

The most recent OBR forecast issued alongside the Chancellor’s Autumn Statement on 29th November saw the GDP forecasts downgraded again to 0.9% for 2011 and 0.7% in 2012. The provisional GDP figure for the third quarter of 2011-12 announced on 26th January was a decline of 0.2% which is giving rise to renewed fears of a double dip recession.

As regards inflation, the actual and forecast figures for both RPI and CPI have worsened over the last twelve months, and despite reductions in the last couple of months, are still well above the Bank’s target rate of 2% at 4.8% and 4.2% respectively in December’s figures published in January.

The graph below from the Bank of England’s November 2011 quarterly inflation report, does show that the level of CPI inflation, the Government’s target for inflation management, is forecast to fall back quite sharply through 2012, stabilising towards the 2% target level in 2013.

![Bank of England Quarterly Inflation Report November 2011 - Forecast of CPI Inflation](image)

Each month, HM Treasury compiles a survey of financial forecasts from respected institutions. The latest published forecasts in Table 2 below show that it is generally felt that whilst inflationary pressures are likely to subside over the next year, GDP growth will further weaken and unemployment will continue to be a growing problem.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td>GDP Rate %</td>
<td>0.9%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Inflation – CPI %</td>
<td>4.6%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Inflation – RPI %</td>
<td>5.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Unemployment (claimants) / millions</td>
<td>1.61m</td>
<td>1.79m</td>
</tr>
</tbody>
</table>

*Table 2 – HM Treasury Forecasts for the UK Economy 18/01/12*
The Office of Budget Responsibility set out its forecasts in the Autumn Statement on 29\textsuperscript{th} November, and the overall picture being painted by the Chancellor was that weak UK growth in conjunction with the European debt crisis, price increases in relation to fuel and agriculture, weak Global demand and the economic uncertainty that this all brings about, mean that tough challenges still lie ahead for the economy, and the squeeze on households, and the public sector is likely to continue for some time yet.
Background to Local Government Finance

Revenue Funding Sources

Local authority revenue expenditure is the spend that is made on the day to day costs of running the council and delivering ongoing service provision. In the case of Northamptonshire County Council, this amounts to over £1 billion a year. This expenditure has to be met by a variety of funding sources to ensure that the council is able to deliver a balanced budget each year.

The five main sources of income for the council are:

Specific Grants and Contributions
These are grants that are provided, primarily by Government, to deliver a specific service. These grants are often ring-fenced which means that they can only be used for the purpose specified. Specific grants deliver over 50% of the total annual income to NCC, but the largest proportion of this is down to the ring-fenced grant for schools funding, known as the Dedicated Schools Grant (DSG). The majority of this grant is delegated directly to schools.

Fees and Charges
Councils are expected to charge for a number of services. The principle for determining the level of charges should be to cover costs.

These first two sources of income are set against the £1.057 billion gross expenditure of the council, to arrive at the annual net expenditure total. NCC’s net expenditure for 2011-12 is £453m. This net expenditure figure is funded by the following sources of income:

Council Tax
Council Tax is a charge on local homes. The amount of Council Tax each householder pays is set by the Council each year at the Full Council meeting in February which approves the budget. The level of Council Tax income required is determined by the difference between the funding received from the Government and the annual net expenditure of the Council’s budget.

Formula Grant
The main part of non-schools Government funding is referred to as Formula Grant as it is allocated to Councils across the country on the basis of a complex formula, taking into account a large number of individual measures. These can be grouped into four blocks:

Central Allocation  this calculates a basic amount of grant per head of population for each authority.

Relative Needs  this uses a series of formulae and data which measure an authority’s relative need based on its social, economic and demographic characteristics.

Relative Resources  this takes into account an authority’s ability to raise income through Council Tax.

Floor Damping  this provides for stability in grant changes between each year to avoid large and unexpected variations in the amount of grant funding received which would otherwise be difficult to plan for.
Formula Grant comprises two specific sources of funding:

**National Non-Domestic Rates (NNDR)** These are the business rates that are charged on local businesses, at a rate set by the Government. The rates are then collected by local authorities and paid into a national pool. NCC then receives back a proportion of this pool, the level of which is determined through the funding formula. The Council does not therefore keep the rates it raises from local businesses and so does not benefit directly from any increase in the business rates collected within Northamptonshire.

**Revenue Support Grant (RSG)** This is the amount the Government adds to the NNDR funding to give the total formula funding settlement figure, and is again subject to the Government’s four block funding formula calculation.

**Government Non-ring fenced Grants**

In the past, many Government grants were service based and specific to the services that they support. The Government is, however, moving away from grants which are specific to a particular service and replacing them with non ring- fenced grants, as these give greater flexibility to Councils in determining where the funding should be spent.
Value For Money

Value for money (VFM) is the delivery of better public services in the best possible way in line with the priorities of local people using the resources available. Value for money is about ensuring an appropriate balance between Economy, Efficiency and Effectiveness.

- **Economy**: using resources prudently to minimise costs, time or effort (doing things at the lowest acceptable cost)
- **Efficiency**: maximising the ratio of outputs to inputs/resources (doing things the right way)
- **Effectiveness**: achieving our objectives (doing the right things) and delivering outcomes that are fit for purpose

Value for money can be summarised as doing the right thing, in the right way, and at the lowest possible cost, whilst ensuring an appropriate balance between cost and performance. This goes to the heart of the Council’s determination to show that “we do not waste your money”.

The Council’s VFM strategy was presented to Cabinet in September 2009. The successful implementation of this strategy will mean:

- Services are fit for purpose, meeting statutory requirements and satisfying local needs
- Expenditure on services compares favourably with comparable local authorities regardless of whether services are provided directly, in partnership or commissioned through a third party
- We understand our costs and what drives
- Investment will be directed at improving the efficiency and quality of services and the customer experience
- Improving outcomes and value for money for local people through a framework of strategic and local partnerships which co-operate effectively to meet shared goals

A successful strategy to deliver Value for Money in all that we do will consist of many individual strands of work including:

**Integrated Service & Resource Planning**
Our integrated approach to service planning will ensure we maximise outcomes for our customers and communities within the resources available, proactively targeting resources at our priority outcomes and ensuring value for money for our Council Tax payers. Our processes will also ensure that where appropriate we plan jointly with our partners to maximise the efficient use of resources.

**Benchmarking**
Benchmarking is the comparison of costs, performance and best practice with other Councils and will form a key part of our service and resource planning process. The information obtained will help us assess service effectiveness and inform budget decisions as we seek to improve by learning from others.

**Performance Management**
Our performance management framework is designed to ensure we are focused on delivery and achieve significant and sustainable improvements in performance from an organisational level through to the performance of individuals.

**Project Management**
Our project management framework is designed to ensure that all projects are managed efficiently and effectively in support of the Council’s objectives.

**Procurement**
Value for money is a key component of our Procurement strategy. We aim to further develop our corporate and collaborative commitment to procurement to increase purchasing power and value for money and to reduce the cost of duplicated effort.
**Partnership Working**
We will continue to explore and where appropriate develop and engage in joint working and partnership arrangements to secure improved value for money.

**Training and Development**
We will raise the profile of value for money across the Council through appropriate communication, training and development and stakeholder engagement so that it becomes embedded within the culture and is an integral part of the way we deliver services.

**Consultation**
We will continue to engage with citizens, local communities, customers, service users, partners and other key stakeholders so that they are consulted and play an active role in securing value for money services delivered by the Council.

**Scrutiny and Audit**
Scrutiny, both internally and externally has a key role in helping the Council to review and challenge our performance and policy framework to ensure value for money is maximised.
Financial Planning Process

Ultimately it is the Council Plan, which is updated on an annual basis, which drives the overall Medium Term Financial Strategy (MTFS). From the MTFS, a Medium Term Financial Plan (MTFP) is developed which gives the financial expression to the Strategy and to the Council Plan. The MTFP seeks to look over a period of four years in detail and up to 10 years in total, building up the future financial picture, setting out assumptions in expenditure and funding to enable robust financial planning. This plan is generally updated on rolling annual basis, with the first year setting the framework of the current budget being planned for in detail. The annual process of planning through to delivering the new budget is set out in the diagram below.

Annual Budget Process

The budget process is actually a continuous cycle of processes throughout the year. The diagram below sets out the process as it was for the 2011-12 financial year leading to the production of the 2012-13 budget.
Medium Term Planning Process

The Medium Term Financial Plan (MTFP) covers the period 2012-13 to 2015-16 and forms part of the Council’s corporate planning process.

It gives a financial expression to the Council’s plans over the next four years and will enable the Council to effectively plan for the financial pressures it faces and to ensure consistency in service delivery to its customers.

The Council needs a high level funded plan for its priority outcomes and core purpose which balances the available financing with its spending needs. It includes the financial strategy, financial assumptions and inherent financial risks, but more importantly it links decisions on resource allocations to policy decisions on priorities.

The principles underlying the MTFP are:

- Stable and sustainable budgets.
- Ensure plans focus on improving Council services.
- Ensures resources are focussed on the Council’s highest priorities.
- Demonstrate value for money.
- Recognise risk and ensure an adequate level of financial protection against risk by maintaining a prudent level of financial reserves.
- Secure understanding of sources of potential finance.
- Build financial capacity for fundamental change.
- Flexibility – to allow shifts in spending should circumstances change.
- Not to overburden the Council with financial commitments.
- Align on-going financing with on-going spending; use one-off funding sources for investment purposes.
- Provide a clearer approach to commissioning services.
- Better use of business intelligence.
- Securing stable and sustainable budgets. This principle is at the core of our financial planning process and has a number of elements:

In these current times of economic slowdown and reduced government funding delivering stability is an essential part of setting the Council’s budget. This will done by ensuring that changes from year to year in resources available and the financing implications of those changes are, as far as possible, predicted and managed.

The Council needs to ensure it is making the best use of all resources, delivering efficiencies where possible and optimising the financial resources available to the Council over the life of the MTFP.

Over the medium term, the Council needs to remove its reliance on reserves to support current spending. However, the use of reserves to smooth the effects of the drastic changes in the level of resources available must be considered as a tool to help the council plan and manage the level of change it needs to undertake to deliver services within the resources available. This builds a longer term view of budget setting and service delivery based on the Councils core purpose and will deliver more stable and sustainable budgets over the medium term.
Consultation

The Local Deal

This year the focus of the budget consultation changed from ‘You Choose’ to ‘The Local Deal’. The Local Deal set out the council’s proposal for how we would rise to the financial challenge and asked people for their views on this:

Our part of the deal is this:
- We give you the lowest county council tax in the country.
- We cut our own costs by making further savings in the back office.
- We invest in helping people who can’t help themselves and make sure our scarce resources are focused on the most vulnerable.
- We invest and promote prosperity in the county to help create jobs and put the right infrastructure in place.

In return we ask that:
- Residents take up every opportunity we give them to help themselves.
- Volunteers come forward to help us deliver key services such as libraries and country parks to help.
- Residents give us feedback on the proposals we are putting forward so we can make sure we get these critical decisions right. Right for us and right for the people of Northamptonshire.

Local people and organisations were able to have their say on the overall draft budget in a range of ways:
- Visiting the Local Deal website and completing the online survey
- Emailing or writing to us
- Using social media: Tweeting @mycountycouncil or posting comments on the mycountycouncil facebook page
- Asking a question at one of our Local Deal Question Time event held on the 24th January
- Using the Local Deal toolkit to hold own discussions and feeding back to us
- Signing or submitting a petition or e-petition
- Giving evidence as part of the Council’s budget scrutiny process

What did people say?

a) To what extent do you agree or disagree with the council’s draft budget proposals
- 56% of respondents strongly disagreed or disagreed with the overall draft budget (overall net agreement score of -42.1%).
- At a directorate level highest disagreement was found to be with the proposals for Adult and Children’s Services, where 63% respondents strongly disagreed or disagreed with the proposals (net agreement score of -47.3).
- The lowest level of disagreement was with the proposals for Chief Executive’s Service where 35% respondents strongly disagreed or disagreed (net agreement score of -12%).
b) What level of impact will these proposals have on you, your family or community?

- 82% respondents felt that the overall budget would have an impact on themselves, their family or community.
- At a directorate level 62% respondents felt that Adult and Children’s Services would have a strong impact and 79% some kind of impact. In comparison, only 13% respondents felt that the Chief Executive’s Services proposals would have a strong impact on them.
Section Two

Setting the Budget and Council Tax
2012-13 Revenue Budget
The budget for 2012-13 decreases the Council’s total revenue spending by £0.5 million (0.1%) from the 2011-12 base position, to £453.4m. The table below shows how these movements have been built up from the starting 2011-12 position, to the final £453.4m.

| £000 |  
|---------------------------------|------|
| **2011-12 Net Budget Requirement** | 408,942 |
| Add in funding from the use of reserves | 1,000 |
| Central Grants and Contributions | 43,933 |
| **Total Revenue Spend 2011-12** | 453,875 |

**Technical Movements 2012-13**

|  |  
|---------------------------------|------|
| Local Support Service Grant | 1,225 |
| Additional Early Intervention Grant | 918 |
| Additional Learning Disability and Health Reform Grant | 315 |

|  |  
|---------------------------------|------|
| **Base Budget 2012-13** | 456,333 |
| Unavoidable Service Pressures | 24,672 |
| Efficiencies, Disinvestments, Savings and Income Growth | -27,595 |
| **Expenditure before Contributions 2012-13** | 453,410 |

|  |  
|---------------------------------|------|
| Expenditure before Contributions 2012-13 | 453,410 |
| Early Intervention Grant | -28,504 |
| Learning Disability and Health Reform Grant | -12,235 |
| Use of Council Tax Freeze Grant | -6,057 |
| Local Services Support Grant | -1,225 |
| New Homes Bonus | -1,431 |
| Reserves | 640 |
| **2012-13 Net Budget Requirement** | 404,598 |

Councils are now required to publish what is known as the Council Tax Requirement. This shows the amount of Council Tax needed to be raised to fund the budget.

|  |  
|---------------------------------|------|
| Government Formula Grant | 160,542 |
| Collection Fund Balance | 1,223 |
| **2012-13 Council Tax Requirement** | 242,833 |
Council Tax

Council tax represents around 23% of the total income that the Council receives. However, because most of the other sources of funding are fixed beforehand, any increases in the overall budget primarily result in increases in Council Tax to fund them.

In order to deliver the budget set out in the previous section, Full Council on 23 February approved the setting of a Band D Council Tax of £1,028.11 this is a zero percent increase on the previous year’s Council Tax.

The graph below shows how Council Tax has changed over the last 11 years.

Northamptonshire County Council has a combined Fire Authority. The costs of providing a fire service are therefore reflected in the Council Tax. This is not the case for all County Councils. A comparison in Council Tax spends for all County Councils can only be made by including the cost of providing the fire service for all (see page 26 for a graphical comparison with other Councils).

Council Tax Base

The total amount of money that is required to be raised from Council Tax payers is calculated each year and is then divided by the Council Tax base to get to the Band D Council Tax charge. The tax base represents the number of taxable properties in the county, allowing for properties that are exempt or subject to discounts and expressed as equivalent to Band D properties to create a consistent measure.

The amount of Council Tax paid by local residents for a particular property is based on the value of the property they live in. Domestic properties fall into one of eight valuation Bands, A to H. Each band attracts a proportion of the standard Band D amount and therefore the amount of Council Tax paid by local residents is determined by the Band their property is in. The table over the page shows the charge against each Band for Northamptonshire County Council and the proportion of chargeable dwellings in each Band.
Northamptonshire County Council - Council Tax Charges by Property Band

<table>
<thead>
<tr>
<th>Band</th>
<th>Northamptonshire County Council Charge</th>
<th>Tax Rate Proportion of Band D</th>
<th>Proportion of Chargeable Dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>£685.41</td>
<td>6/9</td>
<td>27.0%</td>
</tr>
<tr>
<td>B</td>
<td>£799.64</td>
<td>7/9</td>
<td>24.8%</td>
</tr>
<tr>
<td>C</td>
<td>£913.88</td>
<td>8/9</td>
<td>20.7%</td>
</tr>
<tr>
<td>D</td>
<td>£1,028.11</td>
<td>1</td>
<td>12.2%</td>
</tr>
<tr>
<td>E</td>
<td>£1,256.58</td>
<td>11/9</td>
<td>8.1%</td>
</tr>
<tr>
<td>F</td>
<td>£1,485.05</td>
<td>13/9</td>
<td>4.3%</td>
</tr>
<tr>
<td>G</td>
<td>£1,713.52</td>
<td>15/9</td>
<td>2.7%</td>
</tr>
<tr>
<td>H</td>
<td>£2,056.22</td>
<td>2</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

District Precepts

The actual council tax a Northamptonshire resident will pay will also depend on the charge made by the District that they live in, together with any local town or parish council charges. The map on the following page shows the standard Band D charge for each of our districts.

NCC must make a precept (or charge) to each district, which represents the amount of council tax we expect the districts to collect for us. This includes any surplus or deficits that have accrued from previous years due to a number of factors including collection rates and the level of discounts. The table below shows the surplus/deficit for each district/borough, the tax base and the total precept (charge) on each district/borough councils’ collection fund.

<table>
<thead>
<tr>
<th>Surplus(-)/Deficit from previous years</th>
<th>2012-13 Tax Base (Band D Equivalents)</th>
<th>Precepts on the District Councils’ Collection Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corby</td>
<td>44,421</td>
<td>19,046.00</td>
</tr>
<tr>
<td>Daventry</td>
<td>-469,033</td>
<td>29,302.81</td>
</tr>
<tr>
<td>East Northamptonshire</td>
<td>209,431</td>
<td>30,700.00</td>
</tr>
<tr>
<td>Kettering</td>
<td>-123,588</td>
<td>31,213.00</td>
</tr>
<tr>
<td>Northampton</td>
<td>0</td>
<td>67,200.00</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>949</td>
<td>33,940.88</td>
</tr>
<tr>
<td>Wellingborough</td>
<td>-885,000</td>
<td>24,791.00</td>
</tr>
<tr>
<td>Total</td>
<td>-1,222,820</td>
<td>236,193.69</td>
</tr>
</tbody>
</table>

Council Tax Freeze Grant

As a result of the Council agreeing to freeze the County Council’s element of the Council Tax this year, it is entitled to Government grant funding equivalent to 2.5% of the Council Tax Base level. The 2012-13 Council Tax Freeze Grant is expected to deliver a one-off contribution of £6.1m for NCC in 2012-13.
Council Tax Bills by District and Borough Councils

The final 2012-13 Council Tax bill is worked out by adding up the charges from the County Council, plus the charges from the relevant district or borough council, the Police Authority, and in some cases town and parish council charges.

Average Total Band D Council Tax across Northamptonshire

The figures include:
Northamptonshire County Council £1028.11
Northamptonshire Police Authority £193.20
District Council plus average Parish/Town Council Charges where appropriate

Source: District and Borough Councils
Band D County Council Taxes (excluding Police and Parishes)

The diagram below shows the 2011-12 Council Tax charge at Band D for all county councils including the cost of providing a fire service. Northamptonshire has not increased its Council Tax for 2012-13 and still has a lower Council Tax than all other County Councils.
Expenditure and Funding by Directorate

The 2012-13 budget was agreed at Council on 23 February, this shows a breakdown of the budget and the share of Council Tax payable as a Band D equivalent against each area. The table below shows the breakdown over the Directorate structure in place at the time of the Budget.

<table>
<thead>
<tr>
<th>Service Grouping Total</th>
<th>Budget 2012-13 £000</th>
<th>Share of Band D Council Tax £</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Council estimates that it will spend money across the services set out below:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult and Children’s Services</td>
<td>207,630</td>
<td>527.61</td>
<td>51.2</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>7,238</td>
<td>18.39</td>
<td>1.8</td>
</tr>
<tr>
<td>Customer, Communities and Learning</td>
<td>55,481</td>
<td>140.98</td>
<td>13.7</td>
</tr>
<tr>
<td>Environment, Development and Transport</td>
<td>92,431</td>
<td>234.87</td>
<td>22.9</td>
</tr>
<tr>
<td>LGSS</td>
<td>31,614</td>
<td>80.33</td>
<td>7.8</td>
</tr>
<tr>
<td>Service Grouping Total</td>
<td>394,394</td>
<td>1,002.18</td>
<td>97.4</td>
</tr>
<tr>
<td>Treasury</td>
<td>42,452</td>
<td>107.88</td>
<td>10.5</td>
</tr>
<tr>
<td>Residual Waste landfill Costs</td>
<td>1,000</td>
<td>2.54</td>
<td>0.3</td>
</tr>
<tr>
<td>Precepts</td>
<td>1,081</td>
<td>2.75</td>
<td>0.3</td>
</tr>
<tr>
<td>Redundancy and Other Staffing Costs</td>
<td>4,286</td>
<td>10.89</td>
<td>1.0</td>
</tr>
<tr>
<td>Central Pension Costs</td>
<td>7,140</td>
<td>18.14</td>
<td>1.8</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,724</td>
<td>6.92</td>
<td>0.7</td>
</tr>
<tr>
<td>Net Revenue Spend 2012-13</td>
<td>453,077</td>
<td>1,151.30</td>
<td>112.0</td>
</tr>
<tr>
<td>Grant and Reserve Contribution</td>
<td>-48,479</td>
<td>-123.19</td>
<td>-12.0</td>
</tr>
<tr>
<td>Total Net Budget to be Funded</td>
<td>404,598</td>
<td>1,028.11</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Funding £’000</th>
<th>Share of Band D Council Tax £</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficit on Collection Fund</td>
<td>-1,223</td>
<td>-3.11</td>
</tr>
<tr>
<td>Council Tax</td>
<td>-242,833</td>
<td>-617.05</td>
</tr>
<tr>
<td>Total Funding</td>
<td>-404,598</td>
<td>-1,028.11</td>
</tr>
<tr>
<td>Directorate</td>
<td>Base Budget 2011-12</td>
<td>Service Investments</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Adult and Children’s Services</td>
<td>203,442</td>
<td>13,360</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>7,873</td>
<td></td>
</tr>
<tr>
<td>Customer, Communities and Learning</td>
<td>60,251</td>
<td>7</td>
</tr>
<tr>
<td>Environment, Development and Transport</td>
<td>90,130</td>
<td>7</td>
</tr>
<tr>
<td>LGSS</td>
<td>32,573</td>
<td>641</td>
</tr>
<tr>
<td><strong>Total Service Spend</strong></td>
<td><strong>394,269</strong></td>
<td><strong>13,367</strong></td>
</tr>
<tr>
<td>Treasury</td>
<td>40,702</td>
<td>1,850</td>
</tr>
<tr>
<td>Residual Waste landfill Costs</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Precepts</td>
<td>1,081</td>
<td></td>
</tr>
<tr>
<td>Redundancy and Other staffing Costs</td>
<td>10,086</td>
<td></td>
</tr>
<tr>
<td>Central Pension Costs</td>
<td>6,138</td>
<td>1,002</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,724</td>
<td></td>
</tr>
<tr>
<td><strong>Net Revenue Spend</strong></td>
<td><strong>456,000</strong></td>
<td><strong>15,217</strong></td>
</tr>
<tr>
<td>Grant and Reserve Contribution</td>
<td>333</td>
<td></td>
</tr>
<tr>
<td><strong>Total Country Spend</strong></td>
<td><strong>456,333</strong></td>
<td><strong>15,217</strong></td>
</tr>
</tbody>
</table>
Financing the Spend

The County Council plans to spend £1,057.4m in 2012-13. It will receive a total of £603.4m in the form of specific government grants, reimbursements and income from sales and fees for services it provides. The net figure of £454m, the total council spend, is funded by transfers from general fund balances, Central Government, a share of the Business Rates and the Council Tax.

Revenue Funding Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Support Grant</td>
<td>3.1</td>
</tr>
<tr>
<td>Business Rates</td>
<td>157.5</td>
</tr>
<tr>
<td>Grants and Reserves Contributions</td>
<td>49.5</td>
</tr>
<tr>
<td>Council Tax *</td>
<td>244.0</td>
</tr>
<tr>
<td>Dedicated Schools Grant</td>
<td>470.7</td>
</tr>
<tr>
<td>Other Specific Government Grants</td>
<td>64.9</td>
</tr>
<tr>
<td>Assessed Client Contributions</td>
<td>27.9</td>
</tr>
<tr>
<td>Fees and Charges</td>
<td>25.4</td>
</tr>
<tr>
<td>Other Income</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>Total Gross Expenditure</strong></td>
<td><strong>1,057.4</strong></td>
</tr>
</tbody>
</table>

Gross Expenditure reflects changes to DSG

* The Council Tax figure is made up of:
  - Raised via 2012-13 Council Tax £242.8m
  - Previous year deficit £1.2m
Spending by Directorate

The chart below shows how the gross expenditure, (including expenditure on schools), of £1,057.4m has been split over the different directorates.

Gross Expenditure by Service Area and Function

<table>
<thead>
<tr>
<th>Directorate</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult and Children’s Services</td>
<td>265.4</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>7.3</td>
</tr>
<tr>
<td>Customer, Communities and Learning</td>
<td>585.8</td>
</tr>
<tr>
<td>Environment Development and Transport</td>
<td>103.0</td>
</tr>
<tr>
<td>LGSS</td>
<td>34.4</td>
</tr>
<tr>
<td>Treasury</td>
<td>43.9</td>
</tr>
<tr>
<td>Corporate, Other and Reserves</td>
<td>17.6</td>
</tr>
<tr>
<td><strong>Total Gross Expenditure</strong></td>
<td><strong>1,057.4</strong></td>
</tr>
</tbody>
</table>

The chart above shows internal income netted off against expenditure. Gross Expenditure reflects changes to DSG.
Spending by Expenditure Type

The chart below shows how the £1,057.4m has been spent by expenditure type.

**Gross Expenditure by Type**

<table>
<thead>
<tr>
<th>Type of Spending</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>544.4</td>
</tr>
<tr>
<td>Premises</td>
<td>22.0</td>
</tr>
<tr>
<td>Supplies and Services</td>
<td>151.8</td>
</tr>
<tr>
<td>Transport</td>
<td>28.0</td>
</tr>
<tr>
<td>Capital Financing and Other</td>
<td>49.8</td>
</tr>
<tr>
<td>Precepts</td>
<td>1.1</td>
</tr>
<tr>
<td>Third Party Payments</td>
<td>259.3</td>
</tr>
<tr>
<td>Reserves</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total Gross Expenditure</strong></td>
<td><strong>1,057.4</strong></td>
</tr>
</tbody>
</table>

Gross Expenditure reflects changes to DSG
Reserves

The recommended level of reserves is assessed with reference to the Council’s Reserves Policy, which was reviewed by Cabinet in February 2012. The minimum level of general reserves which it was considered prudent to hold at the start of the 2012-13 financial year is £12m and was based on review of the risks and associated values of a number of different elements.

The overall level of reserves has to be specifically addressed as part of the Chief Financial Officer’s Section 25 report which is issued alongside the final budget report. This report is a statutory requirement and established that the budget is robust, and that the levels of reserves are adequate.

There are two main types of reserves. General reserves are held as a contingency against unspecified future need, and earmarked reserves which are amounts held for specific items. The reserve balances currently forecast for the end of the 2011-12 financial year are shown below.

<table>
<thead>
<tr>
<th>Description</th>
<th>Forecast Balance 31/03/13 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Reserves</td>
<td>12,082</td>
</tr>
<tr>
<td>Earmarked Reserves</td>
<td></td>
</tr>
<tr>
<td>Future Redundancy Reserve</td>
<td>1,588</td>
</tr>
<tr>
<td>Insurance reserve</td>
<td>4,955</td>
</tr>
<tr>
<td>Pen Green Research Centre reserve</td>
<td>691</td>
</tr>
<tr>
<td>Future Employee Costs reserves</td>
<td>14,366</td>
</tr>
<tr>
<td>Donations reserve</td>
<td>61</td>
</tr>
<tr>
<td>County Council elections reserve</td>
<td>431</td>
</tr>
<tr>
<td>Fire-fighters Ill-Health Pension reserve</td>
<td>319</td>
</tr>
<tr>
<td>PFI and PPP Reserves</td>
<td>9,701</td>
</tr>
<tr>
<td>Second Home Discount Reserve</td>
<td>1,591</td>
</tr>
<tr>
<td>Empty Properties Discount Reserve</td>
<td>120</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>2,700</td>
</tr>
<tr>
<td><strong>Earmarked Reserve Subtotal</strong></td>
<td><strong>36,523</strong></td>
</tr>
<tr>
<td>Use of Earmarked Reserves</td>
<td>640</td>
</tr>
<tr>
<td><strong>Earmarked Reserve Total</strong></td>
<td><strong>37,163</strong></td>
</tr>
</tbody>
</table>

**Note 1.** These reserves are shown at their initial level, but will be drawn against should demand increases require it.
In addition the council holds DSG and school balance reserves estimated to be £38.2m at 31 March 2013.
Budget Assumptions

In order to build the 2012-13 revenue budget and to plan the future years of the MTFP, it is necessary to make a number of assumptions. The key assumptions that underpin the 2012-13 budget within this document are as follows:

Government Formula Funding

The funding figures in this report are based on the 2010 Spending Review (SR10) and the 2012-13 finance settlement finalised in February 2012. Further, detailed individual Local Authority allocations are not yet available for 2013-14 onwards. For the purpose of the MTFP, the Formula Grant figures have been reduced in line with the local authority average reductions contained within the SR10. In the absence of detailed Government figures at this time, an assumption of no further decrease in funding has been made in the model for 2015-16.

Council Tax Increases

The 2012-13 revenue budget has been constructed on the basis that Council Tax remains frozen at the 2011-12 level. Future years are currently modelled on an annual 2% increase in line with the Bank of England target CPI inflation rate.

In 2011-12 and 2012-13, NCC has taken advantage of the Government’s Council Tax Freeze scheme, whereby Council Tax Freeze Grant (CTFG) is paid to the Council equivalent to a 2.5% Council Tax increase, if the Council do not increase their Council Tax. This is equivalent to £6.1m funding in 2012-13.

The 2012-13 Council Tax Freeze Grant (CTFG) is a one-off grant that will only be received in year.

Pay, National Insurance and Pension Inflation

For the 2012-13 budget, the assumption is that there will be no general pay award. If any of the pay bodies award employee increases over 0%, then these will have to be absorbed by the relevant service in the first instance. Future years are built in at 1% for 2013-14 and 2014-15 in line with the Government’s recently proposed public sector pay cap, and then at 2% from 2015-16. A 1% pay award broadly equates to an increase in costs of £1.5m.

Pension Contribution Changes

Employer pension contributions for 2012-13 are included with a 1% increase, and 1.5% for 2013-14 as part of a three year arrangement, previously agreed with Pension Fund in conjunction with actuarial advice. Beyond this, the assumption is for an annual 1% uplift.

General Inflation

The assumption on general inflation is that this will be absorbed by services within their existing budgets unless NCC is tied contractually to increases which require additional funding. Clearly with inflation levels as they stand, this represents a pressure on budgets, which needs managing. Contractual inflation is included within specific budget proposals where necessary.

A discretionary increase to In-house Foster Care Allowances has been built in at a 2.3% for 2012-13.
Redundancy Costs

The budget presented sets aside £2.5m to cover the top up of the existing provision to cover one-off redundancy costs and associated pension strain pressures incurred in achieving the staffing cuts set out within the budget proposals. This is further reduced by £0.5m in 2013-14 and then removed in 2015-16 as pressures on the level of the redundancy provision reduce, and costs would be expected to be found within service efficiencies. Any other costs relating to change and transformation programmes are included within the proposals themselves.

Tax Base and Collection Fund Balances

Growth of property numbers within the county, leads to an increase in the council tax collected. This growth is factored in at 0.8% for 2012-13 based on statutory returns from the district and boroughs.

Capital Financing

The Council’s capital financing and interest budget for 2012-13 is £42.5m and finances the Council’s £548m borrowing requirement which has been used to fund investment in the county’s schools, roads and libraries. The net budget has increased by £1.9m for 2012-13 to cover the pressure following the Council taking advantage of one-off interest savings in 2011-12. The increase also reflects changes in interest rate assumptions. Given the uncertainty in financial markets as a result of the sovereign debt crisis in the Eurozone and slowdown in the world economy, there is significant risk that interest rate assumptions will change over the next 12 months. The value and timing of capital receipts also presents considerable risk to the Council’s borrowing levels and revenue charges.
## Budget Forecasts 2012-16

<table>
<thead>
<tr>
<th></th>
<th>2012-13 £k</th>
<th>2013-14 £k</th>
<th>2014-15 £k</th>
<th>2015-16 £k</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Budget as per Budget Book 2011-12</strong></td>
<td>1,054,175</td>
<td>1,056,977</td>
<td>1,056,475</td>
<td>1,053,001</td>
</tr>
<tr>
<td>Technical Grant Adjustments</td>
<td>2,458</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Adjusted 2012-13 Base Budget</strong></td>
<td>1,056,633</td>
<td>1,056,977</td>
<td>1,056,475</td>
<td>1,053,001</td>
</tr>
</tbody>
</table>

### 1. SERVICE INVESTMENTS

<table>
<thead>
<tr>
<th>Service Category</th>
<th>2012-13 £k</th>
<th>2013-14 £k</th>
<th>2014-15 £k</th>
<th>2015-16 £k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Younger Adults and Older People Demography</td>
<td>6,551</td>
<td>6,668</td>
<td>7,139</td>
<td>7,186</td>
</tr>
<tr>
<td>Children’s Services Demand Pressure</td>
<td>6,401</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other Service Investment</td>
<td>650</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>16+ Transport</td>
<td>160</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fire and Rescue Control Centre</td>
<td>100</td>
<td>400</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Service Investments</strong></td>
<td>13,862</td>
<td>7,068</td>
<td>7,139</td>
<td>7,186</td>
</tr>
</tbody>
</table>

### 2. INFLATION AND TAX

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>2012-13 £k</th>
<th>2013-14 £k</th>
<th>2014-15 £k</th>
<th>2015-16 £k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast Pay Inflation (0% 12-13, 1% 13-14 &amp; 14-15, 2% 15-16)</td>
<td>0</td>
<td>1,500</td>
<td>1,550</td>
<td>3,200</td>
</tr>
<tr>
<td>Pension Increase (average increase 1% per annum)</td>
<td>1,002</td>
<td>1,881</td>
<td>1,100</td>
<td>1,100</td>
</tr>
<tr>
<td>Contractual Inflation</td>
<td>4,234</td>
<td>6,052</td>
<td>5,558</td>
<td>5,568</td>
</tr>
<tr>
<td>Utilities</td>
<td>836</td>
<td>810</td>
<td>-457</td>
<td>-256</td>
</tr>
<tr>
<td>Private Finance Initiative Contract Increases</td>
<td>1,016</td>
<td>1,058</td>
<td>1,117</td>
<td>1,174</td>
</tr>
<tr>
<td>Disposal and Landfill Tax</td>
<td>1,457</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Inflation</strong></td>
<td>8,545</td>
<td>11,301</td>
<td>8,868</td>
<td>10,786</td>
</tr>
</tbody>
</table>

### 3. OTHER INESCAPABLE COMMITMENTS

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>2012-13 £k</th>
<th>2013-14 £k</th>
<th>2014-15 £k</th>
<th>2015-16 £k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Lighting PFI</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Volume Changes on Waste disposal and Recycling</td>
<td>-743</td>
<td>-176</td>
<td>-22</td>
<td>274</td>
</tr>
<tr>
<td>Northamptonshire Schools Limited PFI</td>
<td>0</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Concessionary Fares</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Direct Services Investment in Increment Payments</td>
<td>408</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Capital Financing and Interest</td>
<td>1,850</td>
<td>-50</td>
<td>400</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Inescapable Commitments</strong></td>
<td>2,265</td>
<td>274</td>
<td>878</td>
<td>774</td>
</tr>
<tr>
<td><strong>Total Unavoidable Service Pressures</strong></td>
<td>24,672</td>
<td>18,643</td>
<td>16,885</td>
<td>18,746</td>
</tr>
</tbody>
</table>
### 4. SAVINGS AND INCOME GENERATION

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Savings 1</th>
<th>Savings 2</th>
<th>Savings 3</th>
<th>Savings 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult and Children’s Services</td>
<td>-12,544</td>
<td>-7,706</td>
<td>-8,388</td>
<td>-6,170</td>
</tr>
<tr>
<td>Customer, Communities and Learning</td>
<td>-5,671</td>
<td>-7,808</td>
<td>-2,846</td>
<td>-1,800</td>
</tr>
<tr>
<td>Environment, Development and Transport</td>
<td>-1,245</td>
<td>-2,915</td>
<td>-3,055</td>
<td>-2,785</td>
</tr>
<tr>
<td>Chief Executive Services</td>
<td>-635</td>
<td>-350</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>LGSS</td>
<td>-1,600</td>
<td>-1,750</td>
<td>-1,800</td>
<td>-950</td>
</tr>
<tr>
<td>Technical, Corporate and Other</td>
<td>-5,900</td>
<td>-3,750</td>
<td>-1,500</td>
<td>-3,500</td>
</tr>
<tr>
<td><strong>Total Savings &amp; Income Generation</strong></td>
<td><strong>-27,595</strong></td>
<td><strong>-24,279</strong></td>
<td><strong>-17,589</strong></td>
<td><strong>-15,205</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Area</th>
<th>Savings 1</th>
<th>Savings 2</th>
<th>Savings 3</th>
<th>Savings 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of Reserves and Provisions</td>
<td>640</td>
<td>4,979</td>
<td>-4,110</td>
<td>-1,485</td>
</tr>
</tbody>
</table>

**2012-13 Gross Expenditure Before Contributions**

<table>
<thead>
<tr>
<th>Area</th>
<th>Savings 1</th>
<th>Savings 2</th>
<th>Savings 3</th>
<th>Savings 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,054,350</strong></td>
<td><strong>1,056,320</strong></td>
<td><strong>1,051,661</strong></td>
<td><strong>1,055,057</strong></td>
</tr>
</tbody>
</table>

### 5. SERVICE INCOME

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Savings 1</th>
<th>Savings 2</th>
<th>Savings 3</th>
<th>Savings 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dedicated Schools Grant</td>
<td>-468,731</td>
<td>-468,731</td>
<td>-468,731</td>
<td>-468,731</td>
</tr>
<tr>
<td>Fees &amp; Charges</td>
<td>-26,559</td>
<td>-26,678</td>
<td>-25,383</td>
<td>-25,897</td>
</tr>
<tr>
<td>Assessed Client Contributions</td>
<td>-25,835</td>
<td>-27,482</td>
<td>-29,758</td>
<td>-27,482</td>
</tr>
<tr>
<td>Other Grants</td>
<td>-16,167</td>
<td>-16,208</td>
<td>-16,208</td>
<td>-16,208</td>
</tr>
<tr>
<td>Other Contributions</td>
<td>-14,396</td>
<td>-14,494</td>
<td>-14,494</td>
<td>-14,494</td>
</tr>
<tr>
<td><strong>Total Service Income</strong></td>
<td><strong>-600,300</strong></td>
<td><strong>-602,927</strong></td>
<td><strong>-603,082</strong></td>
<td><strong>-604,422</strong></td>
</tr>
</tbody>
</table>

### 6. GRANT AND RESERVE CONTRIBUTIONS

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Savings 1</th>
<th>Savings 2</th>
<th>Savings 3</th>
<th>Savings 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Intervention Grant</td>
<td>-28,504</td>
<td>-28,504</td>
<td>-26,932</td>
<td>-26,932</td>
</tr>
<tr>
<td>Learning Disability and Health Reform Grant</td>
<td>-12,235</td>
<td>-12,235</td>
<td>-11,538</td>
<td>-11,538</td>
</tr>
<tr>
<td>Local Services Support Grant</td>
<td>-1,225</td>
<td>1,225</td>
<td>1,225</td>
<td>1,225</td>
</tr>
<tr>
<td>New Homes Bonus</td>
<td>-1,431</td>
<td>-2,215</td>
<td>-2,999</td>
<td>-3,783</td>
</tr>
<tr>
<td>Council Tax Freeze Grant</td>
<td>-6,057</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Review of the Council’s reserves &amp; provisions</td>
<td>640</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Grant and Reserve Contributions</strong></td>
<td><strong>-49,452</strong></td>
<td><strong>-44,179</strong></td>
<td><strong>-42,694</strong></td>
<td><strong>-43,478</strong></td>
</tr>
</tbody>
</table>

**Total Income**

<table>
<thead>
<tr>
<th>Area</th>
<th>Savings 1</th>
<th>Savings 2</th>
<th>Savings 3</th>
<th>Savings 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>-649,752</strong></td>
<td><strong>-647,106</strong></td>
<td><strong>-645,776</strong></td>
<td><strong>647,900</strong></td>
</tr>
</tbody>
</table>

**2012-13 Net Budget Requirement**

<table>
<thead>
<tr>
<th>Area</th>
<th>Savings 1</th>
<th>Savings 2</th>
<th>Savings 3</th>
<th>Savings 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>404,598</strong></td>
<td><strong>409,214</strong></td>
<td><strong>405,885</strong></td>
<td><strong>407,157</strong></td>
</tr>
</tbody>
</table>

### Formula Funding and Council Tax

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Savings 1</th>
<th>Savings 2</th>
<th>Savings 3</th>
<th>Savings 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Formula Grant following LGFS</td>
<td>-160,542</td>
<td>-160,542</td>
<td>-151,733</td>
<td>-145,712</td>
</tr>
<tr>
<td>Forecast for Further Reductions in Formula Grant (following Autumn Statement)</td>
<td>0</td>
<td>1,500</td>
<td>3,050</td>
<td>3,050</td>
</tr>
<tr>
<td>Council Tax to be Collected</td>
<td>-242,833</td>
<td>-249,672</td>
<td>-25,702</td>
<td>-263,995</td>
</tr>
<tr>
<td>District and Borough Collection Fund Deficit</td>
<td>-1,223</td>
<td>-500</td>
<td>-500</td>
<td>-500</td>
</tr>
<tr>
<td><strong>Total Formula Funding and Council Tax</strong></td>
<td><strong>-404,598</strong></td>
<td><strong>-409,214</strong></td>
<td><strong>-405,885</strong></td>
<td><strong>-407,157</strong></td>
</tr>
</tbody>
</table>
The detail behind the service numbers in the table above can be found in Section 5.

<table>
<thead>
<tr>
<th></th>
<th>236,194</th>
<th>238,084</th>
<th>239,989</th>
<th>241,969</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Tax Base</td>
<td>236,194</td>
<td>238,084</td>
<td>239,989</td>
<td>241,969</td>
</tr>
<tr>
<td>Band D Council Tax</td>
<td>1,028.11</td>
<td>1,048.67</td>
<td>1,069.64</td>
<td>1,091.04</td>
</tr>
<tr>
<td>Council Tax Increase (%)</td>
<td>0.00%</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Council Tax Increase (£)</td>
<td>0</td>
<td>20.56</td>
<td>20.97</td>
<td>21.39</td>
</tr>
</tbody>
</table>
Section Three

Capital
Capital

Capital relates to the acquisition and holding (on the Authority’s Balance Sheet) of productive assets that will have a life longer than the financial year in which they were purchased in. These assets are not charged (depreciated) to the Revenue Account wholly upon acquisition but instead the costs are expensed over their estimated economic life. Capital expenditure is largely related to expenditure on the acquisition, construction and improvement of the authority’s assets. There are two main classes of assets on the authority’s balance sheet

**Current Assets**
These are liquid assets such as stock, debtors and cash.

**Fixed Assets**
Capital expenditure is largely related to expenditure on these types of assets. These are assets with a relatively long lifespan such as land and buildings, plant and equipment, vehicles and infrastructure.

The Balance Sheet is a significant document in terms of painting a picture of the finances of the Authority at a fixed point in time. It is therefore important to understand and manage the balances that exist on the face of the Balance Sheet, a major component of which is capital. Ensuring that capital investment is aligned to corporate priorities and that assets are fully utilised, and provide continuing value for money over their life, is an ongoing requirement.

**Revenue Implications of Capital & Capital Expenditure**
The acquisition and holding of assets has cost implications for the Councils Revenue Account. For example, when prudential borrowing is undertaken, the authority has to make interest payments for this source of funding and these interest payments are charged to the Revenue Account.

The authority is also required to make a Minimum Revenue Provision (MRP) each year to reflect the cost of holding the assets over their useful economic life when they have been funded by prudential borrowing. MRP is an amount set aside from the revenue budget each year to meet the repayment of borrowing.

During the life of an asset there are other revenue costs which may need to be met. These are called Whole Life Costs and could include items such as utility costs, insurance and the ongoing maintenance of the asset.

**Capital Financing**
Capital expenditure can be funded from the following sources:

**Supported Borrowing**
The Council borrows money to pay for an element of its capital programme. This borrowing is recognised by Central Government in its calculation of formula funding for the council.

**Prudential Borrowing**
In addition to the borrowing supported by Government the Council can borrow additional money to finance capital expenditure on the condition that it is affordable and sustainable. This power is governed by the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Prudential Code with which the Council fully complies.

**Capital Receipts**
Capital receipts are the name given to the money the Council makes from the sale of its assets, for example land and buildings. During the current economic climate, the level of capital receipts the council has collected is considerably reduced on what was originally planned for.
Shortfalls would then need to be covered by one of the other sources, mainly borrowing. The Council is allowed to use capital receipts earned to fund capital expenditure.

**Capital Grants**
Capital grants may be awarded by the Government or other bodies for items of capital expenditure. These are normally used for specific projects.

**Capital Contributions**
Capital contributions may be made by third parties to fund specific projects that would benefit them as well as the Council.

**Revenue Contributions**
Contributions from revenue or revenue reserves held by the Council may be used to fund capital expenditure. As revenue budgets are squeezed to meet the constraints of revenue funding, this method of capital funding is not readily supported.

The following charts show the sources of capital funding and the main spending areas for 2012-2013.
## Capital – Spending by Directorate

<table>
<thead>
<tr>
<th>Directorate</th>
<th>Amount (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers, Communities and Learning</td>
<td>49,004</td>
</tr>
<tr>
<td>Environment, Development and Transport</td>
<td>42,594</td>
</tr>
<tr>
<td>Local Government Shared Service (LGSS)</td>
<td>9,690</td>
</tr>
<tr>
<td>Adult and Children’s Services</td>
<td>770</td>
</tr>
<tr>
<td>Others</td>
<td>176</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102,234</strong></td>
</tr>
</tbody>
</table>

---

The pie chart illustrates the distribution of capital spending by Directorate, with the following breakdown:

- **Customers, Communities and Learning**: 48%
- **Environment, Development and Transport**: 42%
- **Local Government Shared Service (LGSS)**: 9%
- **Adult and Children’s Services**: 1%
- **Others**: 0%
Capital – Spending by Expenditure Type

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>40,105</td>
</tr>
<tr>
<td>Buildings – Primary Schools</td>
<td>28,601</td>
</tr>
<tr>
<td>Buildings - Academies</td>
<td>14,355</td>
</tr>
<tr>
<td>Information Technology</td>
<td>5,751</td>
</tr>
<tr>
<td>Buildings – All Schools</td>
<td>5,025</td>
</tr>
<tr>
<td>Buildings – Other</td>
<td>4,906</td>
</tr>
<tr>
<td>Fire Service, Waste &amp; Country Parks</td>
<td>2,659</td>
</tr>
<tr>
<td>Buildings – Secondary Schools</td>
<td>680</td>
</tr>
<tr>
<td>Buildings - Libraries</td>
<td>152</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102,234</strong></td>
</tr>
</tbody>
</table>
Capital – Financing the Spend

<table>
<thead>
<tr>
<th>Funding</th>
<th>Amount (£000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants &amp; Contributions</td>
<td>87,862</td>
</tr>
<tr>
<td>Borrowing</td>
<td>12,422</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>1,950</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102,234</strong></td>
</tr>
</tbody>
</table>
Section Four

Summary Budget by Budget Themes
Adults and Children’s Services

<table>
<thead>
<tr>
<th>Base Budget</th>
<th>Growth</th>
<th>Inflation and Technical Adjustments</th>
<th>Inescapable Commitments</th>
<th>Savings</th>
<th>2012-13 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>203,442</td>
<td>13,360</td>
<td>3,372</td>
<td>0</td>
<td>-12,544</td>
<td>207,630</td>
</tr>
</tbody>
</table>

The services provided in the Adults and Children’s Services Directorate are to people who need additional help, whether this is to help a child reach their full potential and be kept safe from harm or to ensure that vulnerable adults are treated with dignity and respect. Commissioning for all the services delivered to people sits within this directorate and there is a close relationship with the Customer Communities and Learning directorate.

The table below shows how the adult care leaver numbers, which are proportional to those coming into care, have increased considerably over the last decade, and why therefore, there have been significant demand led pressures.

<table>
<thead>
<tr>
<th>Leavers</th>
<th>2000-01</th>
<th>2005-06</th>
<th>2010-11</th>
<th>% increase from 2000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-64</td>
<td>171</td>
<td>226</td>
<td>425</td>
<td>149%</td>
</tr>
<tr>
<td>65-74</td>
<td>127</td>
<td>222</td>
<td>396</td>
<td>212%</td>
</tr>
<tr>
<td>75-84</td>
<td>383</td>
<td>783</td>
<td>1034</td>
<td>170%</td>
</tr>
<tr>
<td>85-99</td>
<td>531</td>
<td>976</td>
<td>1569</td>
<td>195%</td>
</tr>
<tr>
<td>100+</td>
<td>13</td>
<td>24</td>
<td>37</td>
<td>185%</td>
</tr>
</tbody>
</table>

While the commissioning of services will always focus on value for money, new models of care and support will continually be considered, to ensure the most effective delivery of these services. A continued focus will be on ways of ensuring that individuals design support services in a way which meets their own unique needs whenever possible.

The recently signed joint declaration between the County Council and NHS Northamptonshire sets out a vision that will see, over the next four years, much more closely focused joint work with NHS colleagues and this will be overseen by the Health and Well Being Board.
Customers, Communities and Learning (Including Schools)

<table>
<thead>
<tr>
<th>Base Budget</th>
<th>Growth</th>
<th>Inflation and Technical Adjustments</th>
<th>Inescapable Commitments</th>
<th>Savings and Efficiencies</th>
<th>2012-13 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>60,251</td>
<td>0</td>
<td>331</td>
<td>570</td>
<td>-5,671</td>
<td>55,481</td>
</tr>
</tbody>
</table>

The Customer, Communities and Learning Directorate aims to deliver four key outcomes as follows:

- the provision of high quality access to information and services (the Council’s ‘front door’ and ‘shop window’);
- the provision of high quality universal services, such as schools, adult education, libraries, country parks, outdoor education, heritage and registration services, using these services as a catalyst, helping people to help themselves and each other;
- to deliver effective prevention and early intervention services to help manage the demand and need for more specialist and costly services for children, families, vulnerable adults and older people; and
- owning, managing, and protecting the Council’s ‘brand’ and public image.

This Directorate’s priority over the medium term will include leading and managing the changing landscape, of education provision, and its changing relationship with schools. The authority’s role is changing to be a true advocate and champion of learning excellence and having a strengthened role in working to monitor performance in the County’s schools. The increasing number of academy conversions in Northamptonshire is also fundamentally changing the role of the authority in this area, and the relationship with these previously maintained schools.

It will also be completely changing and focusing on work to transform preventative services to help stop problems arising in people’s lives or to prevent current issues deteriorating further. With ever increasing demands on services and with huge reductions in Government funding, the Council is in ongoing consultation regarding the most appropriate way to help more people help themselves and ultimately become less reliant on specialist services.

In addition to these clear service delivery priorities, a more commercial approach will be adopted to remove council subsidy on a wide range of services which will significantly reduce costs and improve the quality of services provided.
Environment, Development and Transport

<table>
<thead>
<tr>
<th></th>
<th>Base Budget</th>
<th>Growth</th>
<th>Inflation and Technical Adjustments</th>
<th>Inescapable Commitments</th>
<th>Savings and Efficiencies</th>
<th>2012-13 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>90,130</td>
<td>7</td>
<td>3,199</td>
<td>340</td>
<td>-1,245</td>
<td>92,431</td>
</tr>
</tbody>
</table>

The Environment, Development and Transport Directorate covers three very distinct areas: Public Protection, Environment and Planning and Highways and Transportation. The aim of these service areas is to continue to deliver high quality and safe front line services, notwithstanding the significant budget pressures that are being faced by Local Government as well as the ending of most external sources of funding for infrastructure and development.

In order to meet this aim, a sequential approach has been adopted whereby every effort is initially being made to explore new transformational and innovative ways of delivering service, with service cuts only considered as a last resort.

The approach will help the Council rise to its significant challenges by continuing on the journey of ensuring investment in the key areas people have told the Council are their priority, such as highways maintenance, while ensuring services are run at the most efficient cost. In addition to this, there is a significant role to play in supporting the growth agenda and protecting the community through core capabilities such as Waste Disposal, Road Safety and Fire and Rescue services.

The approach adopted in this area will seek to drive out further efficiencies by engaging in radical partnerships with other organisations to help deliver services.

The Directorate is also responsible, working with Northamptonshire Enterprise Partnership (NEP), for attracting investment and promoting and developing prosperity within the county.
Chief Executive Services

<table>
<thead>
<tr>
<th>Base Budget</th>
<th>Growth</th>
<th>Inflation and Technical Adjustments</th>
<th>Inescapable Commitments</th>
<th>Savings and Efficiencies</th>
<th>2012-13 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>7,873</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-635</td>
<td>7,238</td>
</tr>
</tbody>
</table>

This area covers Business Intelligence and Performance and Leadership Support and Democracy.

Local Government Shared Services (LGSS)

<table>
<thead>
<tr>
<th>Base Budget</th>
<th>Growth</th>
<th>Inflation and Technical Adjustments</th>
<th>Inescapable Commitments</th>
<th>Savings and Efficiencies</th>
<th>2012-13 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>32,573</td>
<td>0</td>
<td>641</td>
<td>0</td>
<td>-1,600</td>
<td>31,614</td>
</tr>
</tbody>
</table>

LGSS is the shared services venture set up by founding partners Cambridgeshire County Council and Northamptonshire County Council, offering a fully integrated support service. The partnership was formed in response to the challenges faced by local authorities, namely, public sector funding crisis, impact of the recession, rising expectations and growing demand, and seeks to reduce the cost of services through the consolidation of resources, process redesign and exploitation of technology.

LGSS has quickly moved to a position where it is delivering real financial and operational benefits to both partner council’s including:

- Reducing the cost of business services
- Providing high performing business services
- Sharing the investment needed to deliver high performance
- Being seen as leaders in the delivery of shared services
- Providing additional value by offering services to others
- Supporting the transformation of front line services

Corporate Budget and Other Services

<table>
<thead>
<tr>
<th>Base Budget</th>
<th>Growth</th>
<th>Inflation and Technical Adjustments</th>
<th>Inescapable Commitments</th>
<th>Savings and Efficiencies</th>
<th>2012-13 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>61,731</td>
<td>1,850</td>
<td>1,002</td>
<td>0</td>
<td>-5,900</td>
<td>58,683</td>
</tr>
</tbody>
</table>

This area predominantly contains the treasury management, capital financing budgets, and insurance costs, together with a number of technical budgets associated with reserve and provisions movements.
Section 5

Detailed Service Budget Proposals by Theme
## ADULT AND CHILDREN’S SERVICES

<table>
<thead>
<tr>
<th>Ref</th>
<th>Proposal</th>
<th>2012-13 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Budget (incl. Technical and Funding Adjustments)</strong></td>
<td></td>
<td>203,442</td>
</tr>
<tr>
<td><strong>Inflation and Tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-035-01</td>
<td>Contractual Inflation</td>
<td>3,372</td>
</tr>
<tr>
<td><strong>Total Inflation</strong></td>
<td></td>
<td>3,372</td>
</tr>
<tr>
<td><strong>Service Investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-001-39</td>
<td>Direct Services Investment in Increment Payments</td>
<td>408</td>
</tr>
<tr>
<td>10-024-01</td>
<td>Demographic and prevalence pressures adult social care</td>
<td>6,551</td>
</tr>
<tr>
<td>10-012-01</td>
<td>Looked after Children and Asylum seekers demand pressures</td>
<td>6,401</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>13,360</td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11-001-12</td>
<td>Year 2 of a strategy to reduce Looked After Children placement costs in line with the budget proposals made in 2011/12 but revised to take into account increased numbers of looked after children in 2011/12.</td>
<td>-1,150</td>
</tr>
<tr>
<td>11-001-10</td>
<td>Achieve an average 5% reduction in the base unit cost of social care payments for younger people.</td>
<td>-1,830</td>
</tr>
<tr>
<td>11-001-08</td>
<td>Review of all staffing, processes and structures within the social care fieldwork teams to reconfigure services in line with the Munro recommendations and to achieve reduction in costs over a 4 year period.</td>
<td>-462</td>
</tr>
<tr>
<td>11-001-07</td>
<td>ACS Directorate review of tier 3 posts Management restructure resulting in a reduction in middle managers as part of the county council's delivery of the new Target Operating Model.</td>
<td>-292</td>
</tr>
<tr>
<td>11-001-05</td>
<td>Review and reduction in capacity of children's commissioning and transformation teams, contract monitoring teams and planning/business support, Learning Disability and customer engagement posts. This would reduce posts supporting the Learning Disability Partnership Board; contract monitoring; children's services commissioning; and a range of business process posts.</td>
<td>-330</td>
</tr>
<tr>
<td>11-001-03</td>
<td>Review of Tier 3 managers in directly provided care services The review, reduces capacity at senior management level.</td>
<td>-63</td>
</tr>
<tr>
<td>11-001-02</td>
<td>Efficiencies from reconfigured mental health service and move to reablement model Financial impact of cessation of s75 arrangements with NHfT and service redesign focused on reablement.</td>
<td>-600</td>
</tr>
<tr>
<td>11-001-01</td>
<td>The proposal means that all contracted services will receive no inflation uplift during the MTFP where the Council is not contractually obliged to do so.</td>
<td>-2,468</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Savings</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>10-028-01</td>
<td>Proposed changes to disability service provision that reflects recent changes in customer demands as a result of personalisation in the Aiming High programme.</td>
<td>-170</td>
</tr>
<tr>
<td>10-027-01</td>
<td>A smaller more efficient Youth Offending Service in line with government funding reductions</td>
<td>-160</td>
</tr>
<tr>
<td>10-007-01</td>
<td>A diminishing pool of specialist lifting equipment installed before April 2006, sees a reduction in funding needed for repairs and maintenance</td>
<td>-10</td>
</tr>
<tr>
<td>10-006-01</td>
<td>Increasing the amount we charge Adult Social Care customers for their support, by an amount equivalent to the national increase in benefits, such as Disability Living Allowance and Attendance Allowance. The increase in benefits is based on CPI of 3.1%.</td>
<td>-791</td>
</tr>
<tr>
<td>10-005-01</td>
<td>Enabling people with learning disabilities to lead ordinary lives in the community when they don't need more expensive residential care.</td>
<td>-190</td>
</tr>
<tr>
<td>11-001-20</td>
<td>New services have been put into place by agreement with the Primary Care Trust (PCT) funded by NHS Northamptonshire on 'section 256' agreement. The proposal is to review their effectiveness after winter 2012 and amend operations if necessary, so that a return from care budgets of a net £300K in 2012/13. The services are currently funded until March 2013, so there is financial risk beyond this date.</td>
<td>-300</td>
</tr>
<tr>
<td>11-001-18</td>
<td>Adult social care is being redesigned in order to be more suited for delivering against the personalisation agenda in line with the &quot;think local act personal initiative&quot;.</td>
<td>-240</td>
</tr>
<tr>
<td>11-001-37</td>
<td>Negotiate hosting of Carers Assessment and Support Worker team in the voluntary sector through a secondment arrangement, with some reduction in capacity but also potential for some posts to be jointly funded by health services via existing funding streams.</td>
<td>-130</td>
</tr>
<tr>
<td>11-001-36</td>
<td>Allocate funding for care packages and social care services through a revised Resource Allocation System</td>
<td>-3,000</td>
</tr>
<tr>
<td>11-001-31</td>
<td>The review of the Local Authority Designated Officer function which manages allegations against professionals who work with children has identified the positional to reduce the service from 3 to 2 posts. This relates therefore to a reduction of 1 post in this service.</td>
<td>-50</td>
</tr>
<tr>
<td>11-001-09</td>
<td>This relates to the review of all services funded through centrally retained Dedicated Schools Grant (DSG). The result will be removal of the 10% NCC funding to these services and, subject to the outcome of the consultation, new ways of delivering the services with a greater proportion of the DSG devolved directly to schools</td>
<td>-308</td>
</tr>
<tr>
<td><strong>Total Savings</strong></td>
<td></td>
<td><strong>-12,544</strong></td>
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<tr>
<td><strong>Net Budget 2012-13</strong></td>
<td></td>
<td><strong>207,630</strong></td>
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Customer, Communities and Learning

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<tbody>
<tr>
<td></td>
<td><strong>Base Budget (incl. Technical and Funding Adjustments)</strong></td>
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<td>11-002-04</td>
<td><strong>Inescapable Commitments</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Structural Budget Pressures</td>
<td>570</td>
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<td></td>
<td><strong>Total Inescapable Commitments</strong></td>
<td>570</td>
</tr>
<tr>
<td>10-035-01</td>
<td><strong>Inflation and Tax</strong></td>
<td></td>
</tr>
<tr>
<td>10-035-01</td>
<td>Northampton Town Learning Partnership Utilities</td>
<td>324</td>
</tr>
<tr>
<td>10-035-01</td>
<td>Libraries Private Finance Initiative</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Total Inflation and Tax</strong></td>
<td>331</td>
</tr>
<tr>
<td>11-002-02</td>
<td><strong>Savings</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contribution from Northampton second homes' fund to support</td>
<td>-200</td>
</tr>
<tr>
<td></td>
<td>continued commissioning of the Royal and Derngate Theatre</td>
<td></td>
</tr>
<tr>
<td>11-002-01</td>
<td>This proposal reflects the report on the Prevention Strategy taken to</td>
<td>-4,000</td>
</tr>
<tr>
<td></td>
<td>November 2011 Cabinet. The council spends a significant amount of money</td>
<td></td>
</tr>
<tr>
<td></td>
<td>on a wide range of 'preventative' services (for example Supporting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>people, Children's Centres, Extended Services, Connexions, etc). We are</td>
<td></td>
</tr>
<tr>
<td></td>
<td>working towards these services being a key part of the Council's approach</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to reducing demand for more expensive targeted and specialist care</td>
<td></td>
</tr>
<tr>
<td></td>
<td>services. It is proposed that these services will be remodelled into a</td>
<td></td>
</tr>
<tr>
<td></td>
<td>new integrated approach to demand management which will be based on</td>
<td></td>
</tr>
<tr>
<td></td>
<td>much greater targeting of need and effectiveness and will be informed by</td>
<td></td>
</tr>
<tr>
<td></td>
<td>consultation, the first phase of which happened between July and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>September 2011 and the second phase is currently ongoing. This will</td>
<td></td>
</tr>
<tr>
<td></td>
<td>involve the reduction of services in some areas as outlined in the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>November Cabinet paper.</td>
<td></td>
</tr>
<tr>
<td>10-025-01</td>
<td>Technical removal of Olympic funding which was put into the base</td>
<td>-200</td>
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<tr>
<td></td>
<td>budget up to 2012.</td>
<td></td>
</tr>
<tr>
<td>11-002-11</td>
<td>Proposal to cease funding for Mother Tongue (Supplementary Schools)</td>
<td>-61</td>
</tr>
<tr>
<td></td>
<td>Provision</td>
<td></td>
</tr>
<tr>
<td>11-002-06</td>
<td>Implementation and development of a business model around traded school</td>
<td>-105</td>
</tr>
<tr>
<td></td>
<td>effectiveness services to education providers. We have moved from a</td>
<td></td>
</tr>
<tr>
<td></td>
<td>position of having been centrally funded and subsidised to needing to be</td>
<td></td>
</tr>
<tr>
<td></td>
<td>fully cost recovered. This stage in the work relates to service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>reductions in line with the cessation of central grants, i.e. stopping</td>
<td></td>
</tr>
<tr>
<td></td>
<td>services for which we are not statutory and for which we are</td>
<td></td>
</tr>
<tr>
<td></td>
<td>no longer centrally funded.</td>
<td></td>
</tr>
<tr>
<td>11-002-05</td>
<td>Staffing reductions across the CCL directorate as a result of service</td>
<td>-244</td>
</tr>
<tr>
<td></td>
<td>transformation &amp; re-structuring within and between the current divisional</td>
<td></td>
</tr>
<tr>
<td></td>
<td>structures that achieve staffing efficiencies.</td>
<td></td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>10-003-01</td>
<td>Reduced costs relating to changes in policy and practice on residential allowances to meet the revised statutory regulations.</td>
<td>-112</td>
</tr>
<tr>
<td>11-002-10</td>
<td>Removal of subsidy from the newly created Northamptonshire Music and Performing Arts company as approved in the Cabinet report of 11th October 2011</td>
<td>-60</td>
</tr>
<tr>
<td>11-002-07</td>
<td>Additional income generation across the directorate; this will include the introduction of new services for which a charge will be made, some increases to existing charges, and the potential to stop offering some services as being free of charge. For example introducing a new premium rate service for copy birth certificates where customers required copies at short notice.</td>
<td>-14</td>
</tr>
<tr>
<td>11-002-09</td>
<td>Alignment of funding for PFI school costs within the Dedicated Schools Grant in line with Department for Education guidance.</td>
<td>-675</td>
</tr>
<tr>
<td></td>
<td><strong>Total Savings</strong></td>
<td><strong>-5,671</strong></td>
</tr>
</tbody>
</table>

**Net Budget 2012-13 (excluding Capital Charges and Support Recharges)** 55,481
## Environment, Development and Transport

<table>
<thead>
<tr>
<th>Ref</th>
<th>Proposal</th>
<th>2012-13 £000</th>
</tr>
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<tbody>
<tr>
<td></td>
<td><strong>Base Budget (incl. Technical and Funding Adjustments)</strong></td>
<td>90,130</td>
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<tr>
<td>11-006-20</td>
<td>Inescapable Commitments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>NEA properties income pressure</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Learning Alliance (YPLA) grant in 2012/13 has left a shortfall in the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>budget to meet the expected demand which persists.</td>
<td></td>
</tr>
<tr>
<td>10-023-01</td>
<td>The existing Fire and Rescue Control Centre requires essential work to</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>ensure it is maintained in a suitable operational condition. Proposals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>for a new Control Centre are being developed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>340</td>
</tr>
<tr>
<td>10-038-01</td>
<td>Inflation and Tax</td>
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</tr>
<tr>
<td></td>
<td>Disposal and Landfill Tax Pressures</td>
<td>1,457</td>
</tr>
<tr>
<td>10-035-01</td>
<td>Contractual (includes Street Lighting, Transport, and Waste)</td>
<td>1,742</td>
</tr>
<tr>
<td></td>
<td><strong>Total Inflation and Tax</strong></td>
<td>3,199</td>
</tr>
<tr>
<td>11-006-19</td>
<td>Service Investments</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Street Lighting PFI</td>
<td>250</td>
</tr>
<tr>
<td>10-015-01</td>
<td>The Waste Management Strategy in relation to disposal and recycling is</td>
<td>-743</td>
</tr>
<tr>
<td></td>
<td>geared to achieve a continual reduction in the disposal of waste to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>landfill sites thus achieving an overall saving in costs. This covers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the recycling credits payable to district and borough councils, the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>wood waste contracts and the operation of Household Waste Recycling</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Centres (HWRCs). Overall, this was originally going to cost but the net</td>
<td></td>
</tr>
<tr>
<td></td>
<td>affect from landfill tax reduction means we have moved this is into a</td>
<td></td>
</tr>
<tr>
<td></td>
<td>positive position for NCC.</td>
<td></td>
</tr>
<tr>
<td>11-006-26</td>
<td>Concessionary Fares Pressure - Additional funding required to deliver</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>the basic statutory minimum service over and above the amount made</td>
<td></td>
</tr>
<tr>
<td></td>
<td>available to the County Council when responsibility for Concessionary</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fares transferred to the Authority in 2011-12.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total Service Investments</strong></td>
<td>7</td>
</tr>
<tr>
<td>11-006-09</td>
<td><strong>Savings</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Co-locating resources to establish an 'Enforcement Hub' for car parking</td>
<td>-150</td>
</tr>
<tr>
<td></td>
<td>and other 'ticketable' offences on a sub-regional basis.</td>
<td></td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>11-006-08</td>
<td>Highways, transport and infrastructure (HT&amp;I) - Integration with strategic partner &amp; new governance model</td>
<td>-350</td>
</tr>
<tr>
<td>11-006-03</td>
<td>Revised recycling arrangements including rescheduling of maintenance programmes, together with new controls at Household Waste Recycling Centres.</td>
<td>-255</td>
</tr>
<tr>
<td>11-006-02</td>
<td>Revised waste disposal management including changes to Landfill Allowance Trading Scheme (LATS) requirements, amendments to rolling landfill site assessment programme, and opportunities for new innovative income generation from landfill assets.</td>
<td>-150</td>
</tr>
<tr>
<td>11-006-23</td>
<td>Increase the discretionary Highways &amp; Transport income charges and fees.</td>
<td>-50</td>
</tr>
<tr>
<td>11-006-13</td>
<td>Fire &amp; Rescue - Increased income and sponsorship opportunities</td>
<td>-10</td>
</tr>
<tr>
<td>11-006-05</td>
<td>Energy Services Company (ESCo). Income generation from NCC assets, public sector clients and investment in renewable’s such as PVs, biomass, and establishing an arms-length business, i.e. Energy Services Company (ESCo), to enable and generate the income</td>
<td>-280</td>
</tr>
</tbody>
</table>

**Total Savings**  
-1,245

**Net Budget 2012-13** (excluding Capital Charges and Support Recharges)  
92,431
# Chief Executive Service

<table>
<thead>
<tr>
<th>Ref</th>
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<tr>
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<td><strong>Base Budget (incl. Technical and Funding Adjustments)</strong></td>
<td>7,873</td>
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<tr>
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<td><strong>Savings</strong></td>
<td></td>
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<tr>
<td>11-008-02</td>
<td>Empowering Councillors</td>
<td>-73</td>
</tr>
<tr>
<td>11-008-03</td>
<td>Savings from increased efficiency and better workflow practices across Business Intelligence and Performance</td>
<td>-250</td>
</tr>
<tr>
<td>10-008-01</td>
<td>Removal of budget no longer required for pension strain costs arising from previous years' early retirements.</td>
<td>-312</td>
</tr>
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<td><strong>Total Savings</strong></td>
<td>-635</td>
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<td><strong>Net Budget 2011-12 (excluding Capital Charges and Support Recharges)</strong></td>
<td>7,238</td>
</tr>
<tr>
<td>Ref</td>
<td>Proposal</td>
<td>2012-13 £'000</td>
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<td>Base Budget (incl. Technical and Funding Adjustments)</td>
<td>32,573</td>
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<td>10-036-01</td>
<td>Inflation and Tax</td>
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<td>Energy Costs</td>
<td>641</td>
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<td>Total Inflation and Tax</td>
<td>641</td>
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<tr>
<td>10-011-01</td>
<td>Savings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LGSS savings per business case</td>
<td>-900</td>
</tr>
<tr>
<td>11-005-01</td>
<td>The Asset Management Strategy will produce surplus assets and as</td>
<td>-700</td>
</tr>
<tr>
<td></td>
<td>such these assets will be sold. The capital receipts from these sales will</td>
<td></td>
</tr>
<tr>
<td></td>
<td>be used to reduce the need to borrow for capital expenditure and as such</td>
<td></td>
</tr>
<tr>
<td></td>
<td>reduce the overall costs of borrowing.</td>
<td></td>
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<td></td>
<td>Total Savings</td>
<td>-1,600</td>
</tr>
<tr>
<td></td>
<td><strong>Net Budget 2011-12 (excluding Capital Charges and Support Recharges)</strong></td>
<td><strong>31,614</strong></td>
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## OTHER SERVICES – Corporate Budgets and Other Services

<table>
<thead>
<tr>
<th>Ref</th>
<th>Proposal</th>
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<tr>
<td></td>
<td><strong>Base Budget (incl. Technical and Funding Adjustments)</strong></td>
<td>61,731</td>
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<tr>
<td>10-034-04</td>
<td><strong>Inflation and Tax</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pension Increases</td>
<td>1,002</td>
</tr>
<tr>
<td>10-032-01</td>
<td><strong>Inescapable Commitments</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capitalisation of interest costs on assets under construction in line with accounting regulations. This was a one off saving in 2011-12 budget and this proposal removes the saving from the base budget.</td>
<td>1,700</td>
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<tr>
<td>10-020-01</td>
<td>Capital Financing and Interest</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td><strong>Total Inescapable Commitments</strong></td>
<td>1,850</td>
</tr>
<tr>
<td>11-009-01</td>
<td><strong>Savings</strong></td>
<td></td>
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<tr>
<td></td>
<td>Financing budget for capitalisation reduced</td>
<td>-5,800</td>
</tr>
<tr>
<td>11-003-01</td>
<td>Review employment costs</td>
<td>500</td>
</tr>
<tr>
<td>10-003-01</td>
<td>Impact of 2008-09 Redundancies</td>
<td>-500</td>
</tr>
<tr>
<td>10-031-01</td>
<td>Reduction in borrowing costs as a result of funding £30m highways investment through the capital programme.</td>
<td>-100</td>
</tr>
<tr>
<td></td>
<td><strong>Total Savings</strong></td>
<td>-5,900</td>
</tr>
<tr>
<td></td>
<td><strong>Net Budget 2011-12</strong> (excluding Capital Charges and Support Recharges)**</td>
<td>58,683</td>
</tr>
</tbody>
</table>
Glossary of Terms
Glossary

**Billing Authority**
The Authority that has responsibility for collecting the Council Tax and Business Rates i.e. the District or Borough Council.

**Budget Requirement**
The amount the Council plans to spend each financial year. The budget requirement is financed from general Government Grant and Council Tax.

**Business Rates**
Also known as National Non Domestic Rates (NNDR). The charge paid on all Non Domestic properties based on rateable value determined by the District Valuer (not local authorities). The rate in the pound is set by the Government. Income from the Business Rates is distributed to local authorities in proportion to their population. It is part of the Formula Grant provided by Government.

**Capital Financing Requirement (CFR)**
The level of capital spending financed from borrowing.

**CIPFA**
CIPFA is the Chartered Institute of Public Finance and Accountancy. CIPFA provide guidance for Councils on finance issues.

**Collection Fund**
The mechanism by which the District or Borough Council keeps the local taxation system separate from its own accounts. The surplus or deficit on the collection fund at the end of each year is fed into the Council Tax calculation for the following year.

**Core Cash**
The level of cash which underpins the Council's general reserves, earmarked reserves and provision. The level of core cash can be predicted with more certainty than working capital cash, hence can be invested for longer periods to achieve a greater return.

**Council Tax Requirement**
The amount of Council Tax required to support the budget the Council plans to spend.

**Earmarked Reserves**
Reserves set aside for specific purposes

**Long Term Borrowing**
The total long term borrowing of the Council consists of loans from the Public Works Loans Board (PWLB) and market loans.

**Market Loans**
Borrowing undertaken by the Council from sources other than the Public Works Loans Board (PWLB).

**Minimum Revenue Provision**
The minimum statutory amount the Council must charge to its revenue account for the repayment of long term borrowing.
**Precept**
The sum the County Council requires from each of the Collection Funds to be able to meet its budgetary requirements, i.e. budget requirement less RSG, less Business Rates share.

**Prudential Code**
The Prudential Code is the most significant change in the system of capital finance in recent years. Since April 2004, local authorities have not been subject to external controls for the level of capital expenditure and borrowing. The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable.

**Public Works Loan Board (PWLB)**
The PWLB is the main source of borrowing for local authorities.

**Relative Needs Formula (RNF)**
The RNF is determined by Government and is used to calculate the amount of Formula Grant the Council receives.

**Revenue Support Grant (RSG)**
The grant is paid only in support of expenditure up to the level of the RNF. It is part of the Formula Grant provided by Government. RSG is a general grant that is not tied to any specific expenditure.

**Specific Grants**
Government Grants in aid of particular services i.e. Social Services, Education which cannot be used for any other purpose.

**Supported Borrowing**
The level of borrowing for which the Council receives financial support from the Government through the Formula Spending Share (FSS).

**Tax Base**
Each dwelling in England has been placed in one of eight valuation bands, A to H, based on its capital value at 1st April 1991. The tax base is expressed in terms of "equivalent band D dwellings". Each property band is weighted in relation to the band D property which is regarded as the benchmark and has a value of 1. Band A properties, for example, are weighted by 0.67 (6/9ths) whereas Band H properties have a weighting of 2 (18/9ths).

**Working Capital Surplus**
The day to day cash flows to manage the spending commitments of the Council.