

# The Northamptonshire Story The Council that Failed

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# Path to Intervention

- Early warning signals
- Best Value Inspection
- Government response

# Path to Intervention

## **Early warning signals:**

- Concerns about financial position emerged as early as 2013.
- Adverse Value for Money opinions in relation to 2015/16 and 2016/17 accounts.
- Their own budgetary documents.
- A LGA Peer Review of financial planning and management in September 2017.

# Path to Intervention

## **Early Warning Signals Ignored resulting in:**

- Budgets not balanced
- Grant claims disallowed
- Lack of challenge (political & officer)
- Savings targets set too high
- Unrealistic strategic direction from the very top
- Growing financial and service pressures
- External Audit recommendations not addressed

# Path to Intervention

## Best Value Inspection

- January 2018 the Minister announced a best value inspection of Northamptonshire
- Inspection review completed and reported on March 2018. Key findings:
  - Authority had been failing in their BV duty for sometime (since 2013/14)
  - This was not due to lack of funding, but poor governance.
  - Recommended restructure in the long term and Commissioners in the meantime.

# Path to Intervention Response

## Government's Response

- The Minister announced that he was “minded to” appoint Commissioners to Northamptonshire.
- At the same time he issued an invitation to LA's to put forward proposals for restructuring (deadline end of July – was extended to end of August).
- Minister announced on 10 May, the appointment of Commissioners

# The Role of Commissioners

## Functions to be exercised by the Commissioners:

- All functions associated with the governance and strategic decision making.
- All functions associated with strategic financial management, including the power to amend budgets as necessary.
- The appointment and dismissal of head of paid service, the monitoring officer and the chief financial officer.

# Stabilising Finances & Sustaining Service Delivery

## **ABOUT**

- Stabilising the County Council's financial position
- Back to basics on managing the money and monitoring
- Delivering savings
- Driving better value for money for the Council taxpayer
- Making all council services sustainable

## **NOT ABOUT**

- Wholesale cutting of services
- Making staff redundant
- Dwelling on the past



# The Financial Challenge

## **The Commissioners inherited:**

- A deficit of £41.5m for 2017/18
- An in-year overspend projection of £30m for 2018/19 (and a budgeted savings target of £35m)
- A projected shortfall for 2019/20 of £60m

**The County Council faced an unprecedented financial deficit of circa £130m over 3 years**

# Stabilising the Finances

The Council appointed a new Cabinet

Financial and governance measures taken by the Commissioners include:

- An independent overview of the financial position from CIPFA (the council did not know)
- Issuance of a second s114 notice – met with a clear response from the Council
- Repatriation of the outsourced finance business partner function (rebuild the corporate core).

# Stabilising the Finances

**...Urgent measures taken by the Commissioners include:**

- Appointment of support to the finance commissioner
- Appointment of a new Chief Executive
- Development and approval of a stabilisation plan – identify additional savings to be delivered
- Application for £70m capital dispensation
- Appointment of a new s151 officer and a Director of Transformation (new post)

# Latest Position on Stabilising the Finances

- 2017/18 deficit met from capital receipts
- 2018/19 projected overspend of £30m in July 2018 turned round to an underspend of £4m (subject to audit).
- 2019/20 projected underspend £0.5m to £1.0m.
- 2020/21 budget – investment in key services and a savings target of £23m.

**Finances more stable, but still remain fragile.**

# Stronger Financial Management & Strategic Leadership (1)

Alongside stabilising the finances there was a need for a stronger financial management.

Measures taken include:

- Careful review of External Auditors recommendations from 2011 to 2016/17
- Comprehensive response audit recommendations for 2017/18
- Back to Basics with budget monitoring
- Back to Basics – a review of financial systems and processes

# Stronger Financial Management & Strategic Leadership (2)

- Back to Basics with thorough preparations for 2019/20 budget
- Further repatriation of finance function
- Invest in training for finance team (CIPFA Programme)
- Finance training for scrutiny members and budget managers

**“In Local Government there is no substitute for doing the boring well”**

**Max Caller. March 2018**

# Lessons from Northamptonshire

Learning for government

Learning for Local Government.

Learning for external auditors/NAO.

Learning for CIPFA