

Rt Hon James Brokenshire MP
Secretary of State
Department of Housing, Communities and Local Government

Members Room
County Hall
Northamptonshire

21.11.2018

Dear James,

We are writing as the leaders of the Labour opposition in Northamptonshire to express our total dismay at the failure of the Conservative administration at Northamptonshire County Council – despite the input of your commissioners – to deal with the crisis in council's finances and services.

As you know, children's services have collapsed to such an extent that you have had to send in another commissioner. This comes after the official sent in by your department failed to improve the service. A serious case review currently in train is expected to highlight still further failures in the service.

The county is not delivering on its 2018 – 9 budget plan and the stabilisation plan is also behind schedule, as is shown in the most recent report. We believe that the projections in that report are unrealistic, that a number of the proposed savings are unachievable, some are fanciful, and some possibly may challenge legislation, and have set these out below.

We believe that the inability of the Conservative administration to manage the finances or services poses acute risks to the most vulnerable people in Northamptonshire **We are therefore asking for an urgent meeting to look at a recovery package that will provide a sustainable basis for the county's services over a period of time. We also want to see much greater transparency of the county's procedures and finances, including a public inquiry into LGSS and NEA which have been responsible for some of the council's most egregious financial dealings.**

We note that as of period six, half way through the financial year, the projected out turn for the year end is that the deficit for 2018-19 is now £18,129,000. This is in addition to the deficit brought forward from 2017 – 8 of £35,304,000. There are serious fears that the Council will be unable to balance this year's budget.

In addition to this, there is no indication of where the County will find the £29.9 million cost of local government reorganisation in Northamptonshire. We note that you had originally indicated you would make at least a "minded-to" decision on this in October. We are opposed to the plans. However, the continuing uncertainty is adding to the sense of drift and indecision for both public service users and staff. **We have asked previously for central government to fund the cost of reorganisation: the worsening state of the public finances in Northamptonshire makes that imperative. The same applies to the cost of what has been termed transformation of local services, estimated to be between £33.7 million and £50.2 million.**

Taking into account this year's shortfall, the deficit carried forward, and the unfunded costs of reorganisation and transformation, the total hole in Northamptonshire's budget is in the region of £133 million.

In the face of this unprecedented collapse of the public finances in Northamptonshire, the proposals for recovery are unachievable and possibly unlawful. Even the county's most recent assessment concludes that a number of its proposals may not be capable of delivery. We note that Northamptonshire County Council's Conservative administration has asked for permission to use capital receipts to pay off the debts, and we would expect this to be granted. **In addition we are asking for any remaining deficit to be moved into a residuary body to be managed over time. We are also asking for the provision of fair funding for Northamptonshire and other similar local authorities to be brought forward.** This should enable our new unitary authorities to be set up free of the legacy of the mismanagement at County Hall, and to have the finances to provide services which are sustainable over the longer term.

Turning to the detail of the County Council's budget, some of our most serious concerns are set out below:

- **Legality**
 - The largest savings are supposed to be made through changes to collection rates and council tax base without concurrent reports from the district councils which collect the rates, or from council legal officers as to whether the proposed changes to collection rates are proposed on a reasonable basis, taking into account all relevant factors, including the already high collection rates in the county.
 - Capitalisation of revenue costs are proposed. We note that Northamptonshire County Council has already been found to have acted unlawfully in its allocation of resources from different funding streams. We would therefore need to see legal concurrents to the proposals that staff salaries can be capitalised.

- **Lack of consultation**
 - Changes are proposed on a line of spending on disability services, although it is noted that consultation has not yet started. Given the stage of the year, it is impossible to achieve full savings, and possibly any savings within this financial year without the Council laying itself open, yet again, to judicial review.

- **Repeated proposal of savings that have already failed including:**
 - Relinquishing of responsibility for St Johns premises at Tiffield. A previous council report identified legal problems with this.
 - Reorganisation of services for children with disabilities and special educational needs, which was the subject of a failed privatisation earlier this year.
 - Reduction of delayed discharges of people from hospital. This has repeatedly been seen as an area for savings. The numbers who are kept inappropriately in hospital has been reduced, which is a welcome move. However it has to be questioned whether proposals for further reductions will produce the savings identified.

- **Impracticality**
 - Cutting out the separate budget for redundancies. Of the many proposals of questionable practicality, one of the largest, at £2 million, is the proposal to cut out the central budget for redundancies. This means that the costs of redundancies will rest where they fall, with unpredictable consequences for services that are already in disarray. Abolishing the central budget will not abolish the cost of redundancies, it will simply hide it. Given that the largest part of local government budgets goes on

salaries, the council must have some estimate of its present and future staffing needs and should have a coherent and costed approach to redundancies.

- **Perverse**

- Savings in social workers. Among the reported “successes” of implementation of the budget and stabilisation plans is an underspend in the costs of employing qualified social workers. “Children First Northamptonshire (CFN) are reporting an underspend of £867k which is a favourable movement of £1,107k from the Period 5 forecast position. The movement is driven by further forecast underspends due to the difficulty in recruiting to and retaining permanent Qualified Social Worker posts (£756k)”. This is not favourable. By any standards it is a disaster for children in Northamptonshire that the County Council is unable to recruit social workers to protect them. It goes right to the heart of the failings behind the recent damning Ofsted report on the county’s child protection services.

- **Lack of leadership**

- It is notable that the Chief Executive services are predicted to overspend. Elsewhere among the budgetary pressures listed is the cost of the commissioners, £457,000, cost of external reviews £163,000 and cost of additional corporate staff £182,000. The top of the organisation should be leading by example in reducing their own spending. **The cost of the commissioners, who were appointed by and report to central government, should be borne by central government.**

We note also that there has been a complete failure by the Conservative MPs in Northamptonshire to engage with the public over the crisis in our public services or to give voice to the level of concern and hardship experienced.

We therefore are appealing to you to intervene to prevent further risk to life of the most vulnerable people in the County and to end the disarray in our public finances.

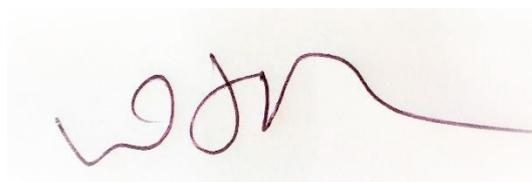
Yours sincerely,

Bob Scott

Leader Labour Group, Northamptonshire County Council

T Beattie

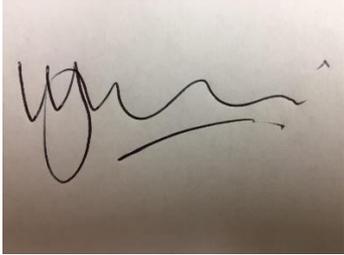
Leader Corby Borough Council



Leader, Labour Group Daventry District Council

John Farrar

Leader, Labour Group East Northamptonshire District Council



Leader, Labour Group Kettering Borough Council

Danielle Stace

Leader, Labour Group Northampton Borough Council

A.M.J. Sibley

Leader, Labour Group Wellingborough District Council

Briller

Labour Prospective Parliamentary candidate Corby

Sally Keane

Prospective Parliamentary candidate Northampton North

G. Ede

Prospective Parliamentary candidate Northampton South