



# **CABINET AGENDA**

**Wednesday, 24 February 2010**

The Jeffery Room, The Guildhall, St Giles Square,  
Northampton NN1 1DE

6:00 pm

Members of the Cabinet:

Councillor: Brian Hoare (Leader of the Council)  
Councillor: Paul Varnsvery (Deputy Leader)  
Councillors: Sally Beardsworth, Richard Church,  
Trini Crake, Brian Markham, David Perkins

Chief Executive David Kennedy

If you have any enquiries about this agenda please contact Jo Darby at  
[jdarby@northampton.gov.uk](mailto:jdarby@northampton.gov.uk) or 01604 837089

## PORTFOLIOS OF CABINET MEMBERS

CABINET MEMBER	PORTFOLIO TITLE
Councillor B. Hoare	Leader Partnership and Improvement
Councillor P.D. Varnserry	Deputy Leader Community Engagement
Councillor S. Beardsworth	Housing
Councillor R. Church	Planning and Regeneration
Councillor T. Crake	Environment
Councillor B Markham	Performance and Support
Councillor D. Perkins	Finance

## SPEAKING AT CABINET MEETINGS

Persons (other than Members) wishing to address Cabinet must register their intention to do so by 12 noon on the day of the meeting and may speak on any item on that meeting's agenda.

Registration can be by:

Telephone: (01604) 837101, 837089, 837355, 837356  
(Fax 01604 838729)

In writing: The Borough Solicitor,  
The Guildhall, St Giles Square, Northampton NN1 1DE  
For the attention of the Democratic Services Officer

By e-mail to [democraticservices@northampton.gov.uk](mailto:democraticservices@northampton.gov.uk)

Only thirty minutes in total will be allowed for addresses, so that if speakers each take three minutes no more than ten speakers will be heard. Each speaker will be allowed to speak for a maximum of three minutes at each meeting. Speakers will normally be heard in the order in which they registered to speak. However, the Chair of Cabinet may decide to depart from that order in the interest of hearing a greater diversity of views on an item, or hearing views on a greater number of items. The Chair of Cabinet may also decide to allow a greater number of addresses and a greater time slot subject still to the maximum three minutes per address for such addresses for items of special public interest.

Members who wish to address Cabinet shall notify the Chair prior to the commencement of the meeting and may speak on any item on that meeting's agenda. Such addresses will be for a maximum of three minutes unless the Chair exercises discretion to allow longer. The time these addresses take will not count towards the thirty minute period referred to above so as to prejudice any other persons who have registered their wish to speak.

## KEY DECISIONS

 denotes the issue is a 'Key' decision:

- Any decision in relation to the Executive function\* which results in the Council incurring expenditure which is, or the making of saving which are significant having regard to the Council's budget for the service or function to which the decision relates. For these purpose the minimum financial threshold will be £50,000;
- Where decisions are not likely to involve significant expenditure or savings but nevertheless are likely to be significant in terms of their effects on communities in two or more wards or electoral divisions; and
- For the purpose of interpretation a decision, which is ancillary or incidental to a Key decision, which had been previously taken by or on behalf of the Council shall not of itself be further deemed to be significant for the purpose of the definition.

## **NORTHAMPTON BOROUGH COUNCIL**

### **CABINET**

Your attendance is requested at a meeting to be held in The Jeffery Room, The Guildhall, St Giles Square, Northampton NN1 1DE on Wednesday, 24 February 2010 at 6:00 pm.

**D Kennedy**  
**Chief Executive**

### **AGENDA**

1. APOLOGIES
2. MINUTES
3. DEPUTATIONS/PUBLIC ADDRESSES
4. DECLARATIONS OF INTEREST
5. AMENDMENTS TO THE SCHEME FOR THE RECOVERY OF BUILDING REGULATION CHARGES  
Report of the Director of Planning and Regeneration
- 8→ 6. CORPORATE PLAN 2010-2013  
Report of the Chief Executive
- 8→ 7. CAPITAL PROGRAMME 2010-2013  
Report of the Director of Finance and Support
- 8→ 8. GENERAL FUND REVENUE BUDGET 2010-2013  
Report of the Director of Finance and Support
- 8→ 9. HOUSING REVENUE ACCOUNT BUDGET 2010-2013  
Report of the Director of Finance and Support
- 8→ 10. PRUDENTIAL INDICATORS 2010-2013  
Report of the Director of Finance and Support
- 8→ 11. TREASURY STRATEGY 2010 - 2013  
Report of the Director of Finance and Support
12. EXCLUSION OF PUBLIC AND PRESS  
THE CHAIR TO MOVE:  
"THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE REMAINDER OF THE MEETING ON THE GROUNDS THAT THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS LISTED AGAINST SUCH ITEMS OF BUSINESS BY REFERENCE TO THE APPROPRIATE PARAGRAPH OF SCHEDULE 12A TO SUCH ACT."



## **SUPPLEMENTARY AGENDA**

**Exempted Under Schedule  
12A of L.Govt Act 1972  
Para No:-**

**Appendices**

**2**



**NORTHAMPTON**  
BOROUGH COUNCIL

**Item No.**

**6**

## CABINET REPORT

**Report Title**

**Corporate Plan 2010-2013**

**AGENDA STATUS:**

**PUBLIC**

<b>Cabinet Meeting Date:</b>	24 February 2010
<b>Key Decision:</b>	YES
<b>Listed on Forward Plan:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	Chief Executive
<b>Accountable Cabinet Member:</b>	Cllr Brian Hoare
<b>Ward(s)</b>	Abington

### 1. Purpose

- 1.1 To approve the Council's Corporate Plan 2010-2013 and to recommend the adoption of to Full Council.

### 2. Recommendations

2.1 Cabinet is recommended to:

- a) Recommend the adoption of the Corporate plan to Full Council (Appendix 1);
- b) Delegate to the Chief Executive, in consultation with the Leader, the authority to finalise the:
  - i) Corporate Plan for presenting to Full Council 25 February in line with the budget decisions, service plans and any other consequent changes
  - ii) Associated set of corporate measures to underpin the Plan by 31 March to be developed alongside the service planning process

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 The content of the Corporate Plan has been developed in consultation with stakeholder, members and the public.
- 3.1.2 Consultation on the Corporate Plan 20010-13 priorities began 23 November 2009 and from January 2010 we consulted widely upon the Council's budget proposals and priorities. Public consultation formally closed 31 January 2010.
- 3.1.3 External consultation was focused on validating the existing corporate priorities of the Council to ensure they continued to reflect local priorities.
- 3.1.4 To ensure the widest possible participation the consultation approach used a wide range of consultation mechanisms including on-line surveys, focus groups and public meetings. A total of 436 surveys were returned and 150 residents attended the focus groups and public meetings. The response level resulted in a 95% confidence interval, which is statistically sound. The consultation programme was supported by a comprehensive communications plan. A full report on the Corporate Plan and budget consultation results is attached in Appendix 2.
- 3.1.5 An evaluation of responses received supports the assertion that the proposed priorities are still the right ones for Northampton.

Priorities	Still right
1. Safer, greener and cleaner	94%
2. Improved homes, health and well being	86%
3. A confident, ambitious and successful Northampton	76%
4. Strong partnerships and engaged communities	86%
5. An efficient, well managed organisation that puts the customer at the heart of what we do	90%

- 3.1.6 The development of the Corporate Plan has been informed by the consultation feedback and the Plan is presented for Cabinet endorsement.
- 3.1.7 The Sustainable Community Strategy (SCS) for Northampton and the Local Area Agreement (LAA) detail priorities developed with local partners. The Corporate Plan sets out how our shared commitments in the Sustainable Community Strategy for Northampton and the LAA are linked with those of the Council.
- 3.1.8 The Plan will need to be updated and amended following Council decisions on the annual budget on the 25 February 2010. It is recommended that delegated authority to finalise the plan be given to the Chief Executive, in consultation with the Leader.
- 3.1.9 Once the Corporate Plan is adopted a corporate risk review will be conducted to ensure that the service and Corporate Risk Registers are aligned to the new plan.

3.1.10 The Corporate Plan will be formally launched at the end of March, supported by a communications plan.

3.1.11 To support monitoring and delivery of the Council's Corporate Plan priorities, a number of key corporate measures will underpin the Plan. Corporate measures against each priority and the outcomes are currently in development. Detailed targets and measures to deliver the agreed priority outcomes cannot be completed until the next phase of service planning has been completed and budget decisions concluded. It is recommended that delegated authority to finalise the set of corporate measures be given to the Chief Executive, in consultation with the Leader.

### **3.2 Issues**

3.2.1 Cabinet are asked to consider the content of the Corporate Plan in terms of ensuring it reflects the outcomes from the consultation and sets out activities and outcomes that NBC can afford and has sufficient capacity to deliver.

### **3.3 Choices (Options)**

3.3.1 **Approve the Corporate Plan**, subject to the further provisions set out in the report. This is recommended.

3.3.2 **Propose modifications to the version presented.**

3.3.2 **Not approve the draft plan.** This would:

- i) Leave the Council without a Corporate Plan and defined priorities at the beginning of the new financial year, which would impact on the Council's reputation
- ii) Not support the delivery of service plans in that objectives, actions and measures could not be appropriately linked to the Council's priorities
- iii) Be unfavourably viewed by our auditors.

It is therefore not recommended.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 The Corporate Plan 2010-2013 sets out the Council's corporate priorities for the next three years with an annual refresh. For each priority outcome a number of actions and projects have been detailed, which once adopted will be a commitment to delivery.

4.1.2 The corporate priorities detailed in the Plan form the framework for the Council's Service Planning process. Delivering the commitments in the Corporate Plan may require review of some policies.



## **4.2 Resources and Risk**

- 4.2.1 The plan needs to be considered alongside the budget, which can be seen as providing the resources to deliver the corporate plan within overall financial constraints. The service area Service Plans will underpin the delivery of the Corporate Plan priorities. All objectives, measures and actions within the Service Plans are risked, assessed and challenged before final approval. The challenge process includes the agreement of targets and the capacity/ability to deliver the plans with appropriate resource set aside to do so.
- 4.2.2 The key risk with the Corporate Plan would be if the Council were unable to deliver its commitments because it underestimates the difficulties, fails to understand its environment, or lacks the necessary resources. In the Council's current financial position it will be particularly important not to promise activities and outcomes that NBC cannot afford or has insufficient capacity to deliver.

## **4.3 Legal**

- 4.3.1 None.

## **4.4 Equality**

- 4.4.1 The plan is clear about the commitments that this Council has made to deliver an equitable service and to support a diverse community.
- 4.4.2 A full EIA on the corporate planning process in terms of content and the consultation approach was undertaken in 2007/8. The findings of the assessment were reviewed to ensure the approach remained inclusive and was followed again this year to ensure that equality was explicitly considered.

## **4.5 Consultees (Internal and External)**

- 4.5.1 Management Board, Directors, Heads of Service and Cabinet have been consulted on the development of the draft Corporate Plan.
- 4.5.2 Partners and all other stakeholders were consulted upon the draft Corporate Plan over the period November 2009 to January 2010, in line with the Consultation Toolkit recommended consultation period. A communication package was developed to support the consultation process with the Communications Team to ensure publicity, awareness and wide community participation. Consultation included a resident survey (postal and on-line) and focus groups with community forums and residents. Consultation methodology and results are fully detailed in appendix 2.

## **4.6 How the Proposals deliver Priority Outcomes**

- 4.6.1 The Corporate Plan identifies priority outcomes and sets a framework for delivering them.

## **4.7 Other Implications**

None

## **5. Background Papers**

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5.1 Appendix 1 – Corporate Plan 2010-2013

5.2 Appendix 2 – Corporate Plan and Budget Consultation Results

**Kathy Brooks**  
**Performance Team Leader**  
**Ext: 7583**

## **APPENDIX 2**

### **Northampton Borough Council**

### **Corporate Plan Priorities and Budget Proposals for Northampton 2010/13**

### **Consultation Results**

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February 2010



## **1 INTRODUCTION**

- 1.1 Consultation on the Corporate Plan 2010/13 priorities commenced in November 2009. Cabinet approved the draft Housing Revenue Account, General Fund Revenue Budgets 2010-2011, Capital Programme 2010-2011 and Capital Strategy as the basis for consultation on 16 December 2009 and confirmed that consultation on the draft Corporate Plan should continue alongside the budget consultation process.
- 1.2 The consultation process was carried out in two phases. The first phase, consulted on the future Corporate Plan priorities. It commenced in November 2009 and continued through to the end of January 2010. The aim of this consultation was to find out if the priorities agreed during the previous year were still right for Northampton, to check what was important to people and to find out which priorities the Council should concentrate on and develop.
- 1.3 The second Phase, which started in December 2009, asked people for views on budget proposals, which had been informed by the results from the first phase, including help prioritising the council's capital programme for investments in assets and infrastructure.
- 1.4 Completed questionnaires were accepted up to 31 January 2010.
- 1.5 The consultation period will formally close on the date the budget and corporate plan are approved in February 2010.
- 1.6 This consultation followed the principles set out in the Council's Consultation Toolkit adopted in 2008.
- 1.7 The results of the consultation are contained in this report. They will be used to by the Council as part of the process of setting a balanced budget (including a capital programme) and priorities for the next financial year (April 2010 to March 2011) and Corporate Plan 2010/13.

## **2 METHODOLOGY**

- 2.1 Stakeholders were encouraged to provide feedback on the proposals for the draft budget and priorities during the consultation period and support was made available to maximise involvement and understanding of the proposals.

2.2 People were consulted by the following methods:

- Public meetings across a range of venues in the town
- On-line survey
- Questionnaires made available in public council locations across Northampton (including leisure centres and council receptions)
- The consultation proposals and questionnaire were available to download and complete on-line via the Council's website. An e-mail address, freepost address and consultation phone line were set up to receive comments/views etc.
- Questionnaires were also taken to a range of community venues where public events were held.
- Staff via briefings from the Chief Executive and Live News
- Newsletter to all members of our Residents Panel with an invitation to participate
- Focus groups with representatives from our Residents Panel and Community Forums
- Engagement with the business community via the Chamber of Commerce, their network and the Federation of Small Businesses
- An invitation to all tenants via housing magazine to participate
- Engagement with the voluntary and community sector via their various networks as well as Neighbourhood Partnerships, representatives from the Community Forums and the Youth Forum (expand)
- Engagement with our key stakeholder and partners

2.3 2,500 questionnaires (See Appendix 3) were distributed in a range of public locations including

- One Stop Shop at the Guildhall
- Cliftonville Reception
- Westbridge Reception
- Leisure centres (Lings Forum, Danes Camp and Mounts Baths)
- Museums
- Northampton Federation of Residents Associations
- Kingsthorpe Children's Centre

2.4 Six focus groups were held between December 2009 and February 2010. Participants were recruited from our community forums and residents' panel, to reflect a range of diverse views and to help us identify issues relating to both our corporate priorities and budget proposals and plans.

2.5 Seven public meetings were held at locations across the town chosen to enable the widest possible local access.

2.6 The consultation was advertised widely through the media including, mail shots, press releases, paid advertising in two local newspapers, a poster campaign on hoardings across the town and radio interviews to raise awareness. Posters were also placed at venues

### 3 RESPONSE

#### 3.1 436 completed questionnaires were received by 31 January 2010

Over 150 people attended 6 focus groups involving community forums and residents panel members and 7 public meetings held in the community and open to all residents.

A range of free comments made via letter, phone call and e mail.

##### 3.1.1 The profile of our respondents was as follows:

Male	50%
Female	50%

##### Age

Under 25	2.7%	41-60	41.6%
25-40	16.8%	Over 60	38.9%

8% were from BME and 92% were non-BME.

#### 3.2 The response level resulted in a 95% confidence interval with an error level of 5%. This means that the results obtained can be taken as being statistically reliable.

#### 3.3 Please note that additional activity related to the budget and the council's priorities was undertaken independently of this consultation during the period of consultation including local press, on-line press sessions, public and residents meetings, forums, etc and that the views expressed during such events are not included in this report.

### 4 FINDINGS ON THE CORPORATE PLAN

#### RESULTS FROM THE QUESTIONNAIRES:

##### 4.1 Summary

#### 4.2 An evaluation of responses supports the assertion that the proposed priorities are still the right ones for Northampton. Results are as follows:

Priorities	Still right	No longer right
1. Safer, greener and cleaner	94%	6%
2. Improved homes, health and well being	86%	14%
3. A confident, ambitious and successful Northampton	76%	24%
4. Strong partnerships and engaged communities	86%	14%
5. An efficient, well managed organisation that puts the customer at the heart of what we do	90%	10%

- 4.3 The responses received indicate that the priorities selected are still valid and fully supported.
- 4.4 People were asked to cite the issues that were most important to them and those that were in most need of improvement. There was a strong correlation between the top issues in both categories.
- 4.5 The Corporate Plan 2010-2013 includes the priorities detailed above.

#### 4.6 The top five issues cited as the most important

Priorities	Most Important	
1. A vibrant and viable town centre	179	18%
2. A sound planning policy framework	153	16%
3. Reduce crime and anti social behaviour and Improve perception of crime and increase community confidence	136	14%
4. Provide a range of leisure and cultural activities	107	11%
5. Provide a reliable and cost-effective refuse collection and street cleansing service and Achieve cleaner neighbourhoods	100	10%

#### 4.7 The top five issues cited as most in need of improvement

Priorities	Most in need of improvement	
1. A sound planning policy framework	88	19%
2. A vibrant and viable town centre	87	19%
3. Reduce crime and anti social behaviour and Improve perception of crime and increase community confidence	64	14%
4. Provide a reliable and cost-effective refuse collection and street cleansing service and Achieve cleaner neighbourhoods	49	11%
5. Provide a range of leisure and cultural activities	42	9%

#### 4.8 The bottom five issues with the least support for most important and most in need of improvement

Bottom 5 priorities with the least support for most important	Bottom five priorities with the least support for most in need of improvement
A well regarded organisation	Services with a local focus
Meet Carbon Reduction commitment	A well regarded organisation
Reduce the amount of waste produced	Reduce homelessness
Meet national air quality objectives	Understanding our customers
Reduce homelessness	Meet national air quality objectives



## 4.9 Conclusion

- These two tables at 4.6 and 4.7 show the items that the public would therefore like the council to focus on during the period covered by the Corporate Plan as well as issues raised in 5 below.
- The feedback received has been used to inform the content of our Corporate Plan 2010/13.
- The table at 4.8 indicates the issues that were raised as neither important nor in need of improvement in this consultation.
- In some instances priorities are included within the Corporate Plan in the absence of public support, due to the fact that the Council has a statutory responsibility to carry it out or meet a specified government target (e.g. homelessness, air quality).

## 5 Priority gap analysis

5.1 People were concerned that the following issues needed to be included in the council's work programme going forward.

1. Work with partners to provide more visible and responsive policing
2. Review charges for collection of bulky items
3. Review the allocations policy to improve access to Council housing
4. Empty homes management
5. Improve management and relationship with tenants
6. Working with partners, other than the NHS, to promote and improve the health of local people
7. Car parking provision – better, cheaper parking
8. Licensing and enforcement in the town centre
9. Town centre regeneration plans and bigger, better shopping provision
10. Unitary council debate – support for this
11. Include integrity, accessibility and visibility of councillors

5.2 Some of these issues already form part of the normal work streams for specific council service areas, or are provided in partnership. The issues will be passed on to the relevant service managers to take forward as appropriate.

## 6 BUDGET FINDINGS

### 6.1 Summary

#### 6.1.1 Budget

Results are as follows:

	<b>Agree</b>	<b>Disagree</b>
Grants to voluntary sector should be maintained at their current level	88%	12%
No increase be made to the hours of the Concessionary Bus Fare scheme	84%	16%
Car parking prices should not be increased to help local businesses and encourage visitors to the town. Discounts to seasonal ticket holders, town centre residents and overnight parking will however be reviewed	89%	11%
	<b>Yes</b>	<b>No</b>
As long as the service provides good value for money, are you concerned over who provides it?	49%	51%
Do you think the council should actively be pursuing a Green Agenda?	84%	16%
Would you be prepared to receive a reduced level of service in some areas in order to support the needs of people most affected by the recession?	46%	54%
Do you use of council services where a fee is charged?	50%	50%
Do you think they are value for money?	76%	24%
Do you accept prices should go up from time to time	75%	25%

People were asked whether they thought that services for which a fee is charged gave value for money.

	<b>Yes</b>	<b>No</b>
Out of 109 responses, from people who use services where a fee is charged	67%	33%

#### 6.1.2 Conclusions

- The public agree that grants to voluntary organisations should be maintained at their current level, no increases should be made to the hours of the Concessionary Bus Fare Scheme and that car-parking prices should not be increased. (Note that the Council can only make decisions on parking prices relating to its own car parks).
- The public were evenly split on the question of who provides services to them. This will be an important consideration in determining any

future questions of privatisation or partnership working with other sectors.

- There was strong support for pursuing the green agenda in the budget feedback. However, in the corporate plan priorities, support for the green agenda was not strong in comparison with other priorities.
- This clearly shows that the public think that the services provided by the council generally give good value for money and also that they recognise that it is necessary to put prices up from time to time.

### 6.1.3 Capital Programme

People were asked the following:

	Yes	No
Should the council dispose of non-essential properties to enable resources to be directed assets providing essential services?	81%	19%

People were also asked to rank new bids from the capital programme. Below is a list of the responses, in order of support (1 being the highest priority and 5 the lowest):

- 1 Disabled adaptations
- 2= Abington Street and Market Square improvements
- 2= Improvements to car parks
- 4 Refurbishment of cemeteries and churchyards
- 5 Refurbishment of changing rooms within parks

(Focus Groups with Community Forums and Residents Panel members fully supported the survey results)

### 6.1.4 Capital Programme conclusions

- There was support for disposal of non-essential properties to enable resources to be directed to essential services. (Note that income generated from the sale of such assets can only be used for capital projects).
- The order of support for capital bids indicates that if there were insufficient resources to undertake all projects, the lowest priority should be given to the refurbishment of changing rooms in parks.

## 6.2 Capital Strategy

Members of our Residents Panel and Community Forums, during a range of focus groups, were asked to consider if our criteria for capital spending was right. The groups agreed in the main that the approach was correct and no changes are therefore required.

Comments are detailed in Appendix 1.

### **6.3 Annual Report**

The focus groups were split on the question as to whether the authority should produce an annual report. Half of those asked, indicated that they would like the council to produce an annual report, available electronically in our website, with hard copies available in public offices/receptions or further detail available upon request. The other half felt that an annual report would not be necessary and would not be a good use of our resources.

If a report was produced, the format used by Coventry City Council was preferred by most.

Comments are detailed in Appendix 1.

## **7 Further activities and improvements that people would like to see (including comments)**

7.1 As respondents made more than 1300 comments, they have been considered together to capture the themes and issues of the views and opinions received. A full list can be obtained upon request. A summary is included in Appendix 1.

7.2 As people made more than 120 additional comments on the budget proposals, these have been brought together to capture the views and opinions received. These comments can also be found at Appendix 1.

## **8 How will comments received and results be used**

7.1 Where comments relate to service specific issues that relate to the usual business of the organisation, these will be forwarded to the relevant service area.

7.2 Where issues raised are not our responsibility, such as the state of the roads or about school provision, the comments received will be forwarded to the appropriate organisation as appropriate.

7.3 In relation to the budget, the Cabinet will consider all responses alongside the need to set a balanced budget. Any changes arising from the consultation will be detailed in the Council Wide General Fund Revenue Budget 2010/11-2012/13 Report.

## **8 EQUALITIES**

8.1 The Equalities and Human Rights Commission has expressed concerns that some decisions that public authorities make in relation to efficiency drives, budget cuts, service reductions, reorganisations, relocations, and redundancies may have a disproportionate effect on certain groups and be contrary to the statutory equality obligations to which public authorities are subject.

- 8.2 Public authorities should carry out robust Equality Impact Assessments and consult and involve relevant stakeholders as part of the decision making process to ensure that they have carried out their equality duties and ensure that any decision does not unfairly discriminate.
- 8.3 Under the Gender Equality duty public authorities must consult staff, service users and other relevant bodies. Under the Disability Equality Duty, authorities must promote disabled people's participation and involve disabled people. (Note that involvement requires more active engagement of disabled people than consultation). Public authorities should consult and involve relevant stakeholders before making any important decisions. (EHRC paper "The Public Sector Equality Duties and Financial Decisions").
- 8.4 This consultation was designed using the principles established in the recently adopted Consultation Toolkit to ensure that it was accessible to local people, businesses, partners of the Council and the voluntary and community sectors. The recommendations from the Equality Impact Assessment undertaken during 2007/08 were used as the basis to develop the programme for this process wherever possible. Individual options and proposals were also subject to screening and impact assessments were carried out as appropriate. Further details, including information about stakeholders are available upon request
- 8.5 The Cabinet will consider the results of this consultation and of all relevant impact assessments to make an informed decision regarding the Council's budget and priorities.
- 8.6 Equality and Diversity were considered as part of the budget build process and an equality impact assessment or screening was completed as part of each medium term planning option submitted.
- 8.7 Where issues have been identified and the option is approved, the detailed equality impact assessment will be used to inform the implementation of the budget option.
- 8.8 An Equality Impact Assessment for this consultation process is available in as Appendix 2.

## **Appendices**

- Appendix 1 Additional feedback received**
- Appendix 2 Consultation Equality Impact Assessment**
- Appendix 3 Questionnaire**

## Appendix 1

The comments in Appendix 1 are made by members of the public in their consultation responses and at focus groups. They do not necessarily reflect the opinions of Northampton Borough Council or its officers

Contains a sample of comments received

<b>I would also like to include</b>
<b>Priority 1: Safer, greener and cleaner communities</b>
Moving to weekly rubbish collection
The current refuse collection contract works. Why change it.
The reintroduction of a fortnightly green bin collection and if necessary the dropping of the glass collection
Give Lumbertubs Estate Black Wheelie Bins.
<b>Priority 2: Improved homes, health and wellbeing</b>
Better management of council housing. How about letting the tenants manage their own areas.
Provisions for Northampton Muslim community, a mosque with adequate parking and social facilities
More facilities for teenagers i.e. bmx parks, free footy in the community/summer activities
Build Council houses and single person accommodation in smaller units i.e.. not large estates
Stop wasting money on non unnecessary improvement till necessary ones are put right. Then we need a picture house where young and old can use. A hall to dance. They haven't all got cars shops
Whilst I agreed to the disposal of non-essential properties, I am concerned as to who decides what is and isn't. I would prefer properties to remain in public ownership but leased out if at all possible.
Council should recognise the value of community centres and help more
<b>Priority 3: A confident, ambitious and successful Northampton</b>
With regards to the priority a 'Confident, Ambitious and Successful Northampton', there could be more of an emphasis on being up front about the need to address and plan for the expansion of Northampton given the growth targets set in the East Midlands Regional Plan. This is a significant challenge for the Council, both politically and resource wise in terms of the statutory planning system, but also corporately in service planning. It is not clear from the corporate plan's priorities that Northampton will become a much larger place and that the Council will actively be embracing this.
The promotion of local businesses.
Working with retailers to reduce packing and waste, all packing should be recyclable
The Council needs to adopt more vision and open mindedness with planning and developments. Not just town centre
Improving the built environment - for now and the future. Ensuring a high standard of design in all private and public building projects. Taking every opportunity to prevent degradation of our architectural heritage.
Become a unitary authority. Missed opportunity in the 1990's.
Extend Northampton's boundaries to the M1. Build a proper ring road to circumnavigate the north of the town.
<b>Priority 4: Strong partnerships and engaged communities</b>
I want a Borough Council that communicates with me and makes more effort to engage with me. While I see this in one of the priorities. I'm not sure this has been put into action. I want the council to communicate directly with me. As a citizen of the town I do not think it is unreasonable for the council to provide something more than a council tax booklet as my only source of information. This should be regular communication between citizens and the council. It shouldn't be down to me to have to seek this information out.
NBC needs to Listen and Hear local people opinions to engage well with people on everything they do and appreciate voluntary sector groups across Northampton for all the do

## Northampton Borough Council Budget, Capital Programme and Corporate Plan Consultation results 2010

Much wider consultation with the people of Northampton about important changes. A past example of how this can work well was the consultation about the Guildhall extension.
Large planning application should be decided by public consultation
A Clear explanation of what will be left out and why - all the above are important, but some parts of some of them could be delayed or slowed down at present
Listen to the public. You did not listen to us over the Market you are not listening over the toilets re Sheep St. Environment is trying very hard to improve parks etc..
<b>Priority 5: An efficient, well-managed organisation that puts our customers at the heart of what we do</b>
The reduction year on year of the burden placed on the taxpayer, I would suggest that over the period of the plan, that the budget be cut by 10% year on year, with a view to privatising all services by 2013. Further I would like to see the disbanding of the council in favour of a regional assembly based in Nottingham.
Understand what the Council must do, Not what it would like to do
Looking at what is being paid for management and above staff and cutting down on high salaries so that the day to day running of Council departments can be improved by keeping staff employed who can make a difference to the people of Northampton
"In the current economic climate" The borough council are getting no lesser rates from people, in fact more each year. So this should not affect workings of the council at all.
A council that fulfils its statutory duties well-A council that tells people what is will do and does not change decisions because of political pressure-A council that not only listens to people but to staff (they appear to know what needs doing)
Reduction in costs of councillors fees and expenses
A council that cares about its workforce and does all it can to avoid wasteful contractors and the expensive bureaucracy that comes with such contracts
<b>Other</b>
Take back from the county council maintenance of the towns roads

### Some communications received via email and letter

<p>It would be nice to try and find something that we can run within budget that gives people the opportunity to be proud about where they live and attract others to come and spend in the town. We have the Carnival, but a lot of other places have Carnivals, so what makes ours any different or outstanding. It is great that we have all these different markets, but we have lost the balloon festival (that was combined with Northampton show), St Crispin's fair, What major attraction do we have?</p> <p>If help is need to think of something then I am sure staff or residents can come up with a few ideas.</p>
<p>One of Northampton Borough Council's top priority must be to make more efficient use of their staff.</p> <p>I have reported to the council, that, on a daily basis, council workmen are spending inordinate amounts of time not working in our community .</p> <p>By that, I mean they spend hour upon hour, sitting in their vehicles, smoking eating drinking and time wasting, being unsupervised and non productive.</p> <p>I look forward to Northampton Borough Council putting in place more effective supervision to make more cost effective use of manpower. In the meantime there is no case for increases in council tax, there is a stronger case to make far better use of existing resources to identify substantial efficiency savings.</p>
<p>Please note that it is sent in entirely a personal capacity, and is in no way related to the business of my employer.</p> <p>Nor does it represent, or purport to represent, any views that my employer may or may not have.</p> <p>Issue:-</p>



The Borough Council owns a lot of land which costs money to maintain but for which there is little or no income to offset these very real costs.

## Appendix 1 -Continued

Including cost of public liability, and any other associated risks.

Typically these are the smaller parks, playgrounds and public open spaces, but also include allotments and cemeteries, some of which are no longer in use.

I do NOT include in this the prestige parks such as Abington or the Racecourse.

Most of these areas of land cannot be developed as they are conditional gifts, or have been a required dedication from a developer, or are allotments or cemeteries.

Allotments cannot be developed whilst demand exceeds supply, which it does in the Borough. So much of this land has, in effect, negative equity, but may still serve a purpose to locality communities.

Possible Solution:-

In the Parished areas, affected land could be handed to the parish council.

These bodies are much more in touch with local views etc than the Borough is.

The parishes would be tasked with maintaining them according to an agreed level of service.

This would save the Borough the cost of maintenance.

The Parish maintenance costs would be lower as they could use local & voluntary labour, and they also have lower admin overheads.

Their costs could be recovered via parish precept.

In the instance of a Parish NOT wishing to participate, then the very existence of the Parish has to be questioned as it would be not fulfilling its statutory function.

The scheme could be trialled in existing parishes, and if successful would be good grounds for the establishment of Neighbourhood Councils, which have similar powers to those of Parishes.

Additional Benefits:-

Since the Parishes would have more work to do, their might be an incentive for more people to get involved voluntarily, instead of being co-opted.

The parishes might even be a good training ground for future Borough or County Councillors, of whatever persuasion or none, as they could learn the ropes with less risk of expensive or embarrassing error.

I hope that you will give this idea some consideration.

Dear Sir or Madam

I am writing to NBC with regard to the Budget review and to voice my concern over the cuts coming to us in Northampton for its people to experience.

I would like to say firstly to NBC Administration and the Authority to look at your target expense which is your internal wage bill and to firstly recognise there needs to be savage cuts there first! E.g. Directors of council and Chief Executives wages and soon! Further down the line e.g. Consultants to Interims, these are big pay packets in your internal wage bill so I would hope the Authority cuts within first! Before they make any cuts to the people's services to tax payers across Northampton.

Thank you for reading my letter and I will monitor to see if the organisation do cut within first before they make any cuts to our vital services here in Northampton.

## Appendix 1 -Continued

Comments on the Budget Proposals
Parking
Pricing levels are satisfactory
Car park fees are too high and are driving people out of the town centre
Parking in town centre appears to have levelled to appropriate price but after 6:00 (18:00) charge. Feels wrong in terms of use of town centre facilities and to keep centre alive with cross section of ages
I feel strongly that you should provide 'free' car parking.
Car Parking charges should be abolished to encourage people to Northampton and shop and spend money!! Reduce parking attendants.
If Northampton Town centre is to compete with places like Milton Keynes then parking prices is a big issue. Get more for your money in Milton Keynes.
Car parking prices should be rounded up/down to whole units, it is ridiculous to have odd sums - especially when no change is provided. Shoppers should be encouraged onto the buses, but for those who cant/wont perhaps we should seriously look at free/discounted rates for the weekend.
I think that only a drastic cut in parking fees would encourage visitors. It's gone past the point of no return. Therefore, you might as well increase parking prices as there would be little or no decrease on number of users, therefore more income.
Car park charges appear to be discounted on many days leading up to Christmas and most Sunday's? Could the price of car parking be reduced however remain the same all year round thus increasing revenue?
Mayorhold parking charges are too high. The council is losing £260,000 a year as it is not used to the maximum. Market traders can't afford to park their vans there.
While I feel it is sensible to pay more for car parking, Northampton is in competition with MK where it is free in some parts.
It does appear that parking charges are used as an easy income generator.
Concessionary fares
Concessionary bus fare scheme should be extended for disabled so they can travel to work before 9:30am
Concessionary fares should require a combination, albeit small, from the user, say 20p. It is unlikely to stop buses being used but may be enough to keep some services profitable.
On receiving our bus passes we hardly used our car, using the bus for doctors, dentists, shopping, connecting with coach and trains in Banbury and Northampton. Our first bus is now 10:00am which is too late for the majority of these trips. We are glad we didn't sell our Honda fuel miser! We often drive in with the early buses which are never full now!
Bus passes - Consider disabled people and carers for before 09:30 travel. How many bus pass folders (30,000) are disabled or and blind
Concessionary fares is a drain on tax payers - bus companies are too greedy and hold local authorities to ransom for the benefit of share holders
Extended hours on concessionary fares scheme
People can just change their early appointments with a phone call
There needs to be a policing system for bus companies
Electronic systems should be able to make enforcement possible on bus companies
London bus companies pay for inspectors but you never see any in Northampton
As a nurse urge the council to change the times on concessionary fares
I think services should be prepared to contribute to bus fares, say 50p for inter Northampton journeys and £1 for out of town journeys
Leisure
I'm fed up with our swimming pools times, they are only open certain times for 50+ or general swim which isn't always convenient
Sports centre fees should not be a 'commercial rate' this would contradict NHS agenda and potentially discourage use
Subsidised prices on private gym membership could be an option
Too expensive for average family to use
I feel if certain things were costed lower more people would be more than less likely to use them : lower prices for a six month period and see the result

I don't think there is any need to provide free swimming for the over 60's (unless this is the law now - most over 60's who want to swim can afford it)
Please don't increase prices at the trilogy gym. A lot of users are pensioners like me
The forum provides a very good programme of classic and foreign languages and mainstream films. It should advertise more widely
I use the swimming pool at Lings Forum. Over the past few weeks the temp has been colder. Although I am over 60 and have free admission, I do not think that old people should be shivering because of price cuts. I would rather pay than be cold.
With such poor attendance at theatres, expensive, why not offer concessions to youth groups schools, community groups etc
A small charge could be made to visit the museum
<b>Bulky waste</b>
Bulky Waste should be removed free of charge for over 70's
Don't think a fee should be charged for bulky waste.
bulky waste is expensive-it should be outsourced to private enterprise, who should pay a license fee to the council for providing approved bulky waste collection. Leisure services are reasonably priced
In the case of bulky waste, I am under the impression you can only use it a certain nosy of times a year. This is somewhat restrictive especially for residents who have small cars.
Should be set amount-Charges can lead to fly tipping
Driving people away from using them due to cost
The fee for bulky waste collection should not exist. Since NBC have started charging £25, fly tipping around our area has increased. I was shocked about how much NBC charge for burial and cemetery services. The increase in these charges is substantial. Surely NBC should consider how much a funeral costs these days and adjust the fees so they are more affordable.
Bulky waste should be free of charge
The 100,000 spent on the clean up on the eastern district ia a disgrace-it encourages more fly tipping and areas that pay for collection of bulky waste are penalised.
Bulky waste collection should be free and incorporated into the now excess Council Tax we have to pay
I feel if the prices go up it will encourage fly tipping - appreciate this is a fine balance
Charges should not be made for bulky waste to stop fly tipping
I understand that a charge should be made but not limit the amount of pick ups per year. I have brought a smaller (greener) car and therefore have difficulty in taking larger items to the 'tip'
Improve recycling and cut energy waste but some green initiatives probably waste money.
Charging for collection of bulky waste has increased fly-tipping in Northampton east - false economy
Costs for bulky waste have increased fly-tipping. Bulky waste should be collected free for those on benefits and pensioners
bulk waste should return to 15 as in current climate 25 is too much for the average family.
I am happy that the service is provided and right that those that use it pay for it. Not sure that people who fly tip would bother to arrange collection even if service were free.
Bulky waste service costs are too high, this will encourage fly tipping this will cost more in the long run, lower charges will give people more to spend helping to break the grip of recessionary worries
I would like to use your bulky waste collection service, but I feel that £25 is too much.
Happy to pay additional for better services i.e. Daventry's waste collection and recycling service
Fly tipping - Need more Neighbourhood wardens to enforce on the spot fines - Links to bulky waste charges
Bulky waste charges are too high for the elderly - could it be reduced to £10 or less for them?
<b>Fees and charges</b>
They look fair and reasonable to me
It seems silly to give free swimming to the over sixties and charge a lot for children when it is the children who are obese
Only put up prices where you are losing money
People are using black bags in their black bins - sell paper or recycled bags
Charges should not be increased or the level of service reduced to subsidies the town centre improvements

# Northampton Borough Council Budget, Capital Programme and Corporate Plan Consultation results 2010

You need to encourage more small business in Kettering by not charging such high rents for shops (shops are boarded up). Using the private sector is not cost effective because once they have the tender for a service they drop standards and do not provide what they agreed, and there is no adequate monitoring from NBC.

Any planning application that has been refused and its appeal turned down and is re submitted within five years should be charged at least 3% more.

Do not charge for household refuse!!

Prices should go up in line with inflation/cost of living and be comparable to other Council fees. NBC should not be undercharging for services, but on the flip side NBC functions as a public service and costs should not be the same as the Private Sector

All charges should be increased by the same % across the board with no exceptions

Occasional use of services (bulky waste, leisure, libraries) could make a small increase as there is an element of choice

Inflationary rises are acceptable

Fees should reflect the balance between providing the service and its value to the community I.e. if the service is supported by the local community but at a loss then its value to the community as a service should be taken into consideration. It is important to maintain the cultural and leisure activities but we should consider the full cost implications. Waste disposal is the key service I use but this could be more efficient

A decrease in prices on services like leisure and parking could increase volumes

## General

Council tax should be proportionate to the services different areas use.

I live in a one bedroom flat in duston, I pay over £1000 in Council Tax, we pay extra for our rubbish to be removed, I think we should pay less.

Stop putting up Council taxes. Make it cheaper for pensioners

Make Council housing more available for our own people first. Kids today can't afford houses

Cost should be controlled, payment as close to the source/user as possible with due consideration to age ability to pay and the use of the service

The halved brown wheelie bin collection is exceedingly inconvenient for me, especially having bought an additional bin previously as collections inadequate. Glass recycling never a problem as there are bottle banks at supermarkets and volumes are small compared to garden waste from a large house/large council tax band

Why limit Council tax to 2.5% if the ceiling is 5% then go up to the limit!

The councils should stop wasting money on market square etc. and concentrate on economy, to replace road pavement people will only want to come and live here if we have what they want. Not a drink criminals, shops full of drink, foreign food. Good market not entertainment.

1) Advised that swimming charges for families are too high

2) If NBC support the Rennie Mackintosh Centre then this is laudable, as we have very little of value in the town centre

Stop all grants to external arts bodies I.e. Royal & Derngate, Charles Rennie Mackintosh House, Fish Market Gallery  
Stop Revenue and Capital funding to above

The borough council does not provide me with any other service apart from recycling and bin collections

Far more money should be put into recreational use and promoting family time I.e. events at local parks etc

I think the cost of services should be 'cost' to where you live, as we do not use a lot of services in some areas.

Council tax should be reduced for pensioners, and extra should be charged when more of the family (living in one house) have jobs.

The commentaries are very leading statements, prompting a 'yes' answer.

Difficulty to answer but I understand problems are occurring in the Hearing Difficulty area. Also the elderly who are vulnerable. Financially the help there is declining.

Not at this time will review and give feedback at another time

The Council Tax. I don't think a single person should only get 1/4 off the bill they should get 1/2 off at least, as a pensioner on my own I don't use as much of the facilities it covers as a family of 4 or more

We all pay council taxes, but I find private estates are better looked after e.g.. Grass verges cut, road sweeper etc. but council estates are left run down & scruffy if you concentrated on these areas things would improve and people take pride in their estates

Northampton Borough Council Budget, Capital Programme and Corporate  
Plan Consultation results 2010

It is important that short-medium term economic fluctuations do not undermine efforts to move towards a more environmentally sustainable future. The very young, elderly and unemployed should be main focus for reduced service rates
Although I have ticked the box re services providers, it does seem to me that when the private sector is bought in to provide public services, the service they provide deteriorate after a short period of time. E.g. cleaning services of NHS. In house services are always better VFM.
Unable to comment on reduced level of service this would greatly depend on what services were reduced.
Out of the now £128 per month I pay for Council Tax, the only service I receive is waste collection. I do not have any children. Council Tax should be more fairly distributed, with people using more of the services paying more Council Tax and those using less paying less Council Tax. I am therefore for example paying for school facilities and other matters for other people's children
As I have already said the service to the old people who have lived and paid taxes here all their lives are treated badly. I spent time listening to equality and diversity for all sorts of people but when there is some one to blame it's the old. How about discrimination for the old who paid for what they need but don't get it. While people like social services pct all these supposed to be concerns are not
I have no computer to check specific fees and charges you proposed I checked on the web
Very happy with the museum refurbishment. Please make sure people know about the Thursday events and talks
It is hard to tell where the efficiency savings are coming from in terms of front line services due to the presentation
Wording on options in the budget report is not open and transparent
Some terminology is unclear to the lay person
What will happen to the council's budget if the election changes the Government?
Concerned over privatisation of services
Northampton door to door service is very good, please do not cut the grant
Take issues with the suggestion that privatisation can deliver efficiency savings for example Bedford's work and the county's PFI in schools. Privatisation leads to poorer services
It is a mistake to think you can focus all cuts on the back office as front office relies on them for support. It can lead to problems on the front line. You should look for efficiency across the board
In house options should be considered
It is unclear how many jobs are at risk under restructuring proposals
Make sure contracts are water tight to stop councils getting ripped off at taxpayers expense like Carillion, and Amey
People can get to appointments in other ways like the volunteer driver service.
The door to door service starts at 8.30am
How will services be affected if jobs are going? If jobs aren't going will services be reduced instead?
I am worried that volunteers could be lost because they have fears over the caretakers proposals and don't know what is going on
People value community centres and we want one in Kingsley to help keep anti social behaviour down, kids off streets and give older people a place to go and people a place to meet.
Eastfield was promised a community centre in 1956. We only have a small community place for 27 people and people live above. It is a deprived area with problems and people need somewhere to go.
More detailed information is needed to get on board with efficiency savings
Organisation of allotments is a farce.
Should management be restructured? We have gone from 23 Heads of Service to 12 Corporate Managers to 4 Directors, an Assistant Chief Executive and half a Director of the LSP and many Heads of Service.
Is the Northampton Partnership good value for money?
The budget papers don't spell out what the impact on services will be
Be clear - what is a strategic business review? Does it include outsourcing options?
People of Northampton are afraid of market testing but it has worked in Barking and Dagenham
When considering services for privatisation consider carefully what you are signing for 7, 10, 12, years or however long If services are privatised will people be consulted for example at Neighbourhood meetings?

## Capital Strategy – Focus Group Comments

Use natural resources – No Concrete!
Promoting partnership and achieving priorities is dependant on the electorate
Performance Management Arrangements must be better
Purchasing protocol must be private sector orientated and led
Team Northampton – with the Tax payer/Tenants
National and local performance targets are a necessary evil. Ensure national targets are in line with local
Promote partnership working particularly public especially constituted groups e.g. residents groups
A clear purchasing protocol can be as much negative as positive
Promote effective Asset Management, including DDA and Health and Safety issues, Achieve the Council's priorities, Improve performance against national and local targets - should be a matter of course! and not prioritised
Achieve the Council's priorities - Which should be potholes. Promote partnership working - with firms with good, work agenda, like Ashmack for the pot holes.
Improve efficiency and effectiveness in service delivery - How is value for money measured?
Generate or increase income streams - Not in the current climate
Would be interested in how this is to be achieved.

## Annual Report – Focus Group Comments

### Would You Want to Receive and Annual Report?

Although I do not want an annual report I might like to find the information somewhere
A précis should be sent with the council tax leaflet and more detail available on request
It'll be helpful to have something 6 monthly or yearly
A simplified one with cross references for more detail
No but would probably view it if it was available on line
Not personally but it should be available to view on line or in libraries

### Would you prefer it on the Internet, leaflet, paper style, small booklet, etc?

Electronic, hard copies in all Libraries, graph form, easy to understand pie charts. Internet but also available in a booklet when requested and Library. Small booklet.
Internet or at NBC offices. Internet or small booklet.
Internet personally but booklet for older people. Paper style or booklet because recognising not all people are on Internet and may need in a booklet format.
A3 folder - a simplified one with cross references for more detail. Leaflet A3 folded.
Leaflet - it is the lowest cost. Internet or small booklet in libraries. Nb. Photos and large areas of colour layout are expensive to produce and given the number of the population willing to plough through a report not value for money
Internet, leaflet. No colour pictures etc, no additional agency fees, a simple one colour production. Cut down on expense!
Internet, copy in public libraries. Internet and one hard copy in the Library.
Libraries? Download. A4 booklet similar comprising Annual Report. Paper style. Small booklet. Too many would cost too much.

### Based on this selection of Annual Reports which is your preferred example and why?

Disliked Gateshead - looked like Royal Mail marketing. Chorley Council - clear simple, easy to understand; not too fussy!
Coventry City Council - most simple to understand and read not too long. Havant - good mix of illustrations and large and easy to read print. Covered all issues/subjects. Havant was hopeless - more of a promotional document than an Annual Report
None. Too wasteful, too costly to produce (use as a political tool?)
No clear favourite, prefer concise approach.
Coventry because it contains more info, facts and figures has more detail, good info and pictures. Good information and layout given.
Moorlands straightforward not glossy whilst I personally do not like pie charts, these are popular and they need to be effectively used. Coventry was good in some respects but too many glossy photos. Enough currently in Council Tax Leaflet summary.
Coventry because all the information of annual report was on one page, well laid out and good content, more succinct, and was not full of PR garbage.

Havant - easy to view figures. Good information on local things. Coventry City - format. Havant. Less bumph, straight forward report.
None - simple on colour production in library.
Staffordshire Moorlands a simple style, low cost. Chorley - not landscape on white paper (pie charts elements in others)
<b>What Key Areas Would You Want to See Covered in an Annual Report?</b>
What Northampton has to offer; football, history, architecture, rugby, shoe industry, emergency contact nos and also financial justifications where savings made. Financial information disliked Gateshead and Moorland. Events that were successful, events that failed and why? Brief history of budgeting for future and how successful previous years have been.
How much? Long term effects? All the main priorities, targets set, those achieved and those not and reasons why.
The major ones. Finance / operational efficiency
All of them! As per the Coventry report. Moorlands too much about themselves not caring on info. Moorlands too much about themselves not caring on info. Chorley too thin. Havant too bulky. Gateshead too plain looks like its from the Post Office! Explanatory in plain English of what's going on and what the key issues are and priorities and expenditure of it
Housing, finance and community
Expenditure, income, budget forecast. Finance in respect of % of budget spend against what and any overtime and performance against national indicators. Corporate health indicators. Brief summary of actual achievements. Brief analysis of income expenditure. Brief summary of capital expenditure.
Housing improvements etc. All services provided. Particularly which areas have been outsourced and what value for money is being achieved. Spending, achievements, difficulties not foreseen (to explain why some things don't happen). Leisure, waste disposal, parks, policies in burglary.
Basic income details and expenditure
Where money is being spent are we getting value for money? How are the views of Council tax payers? As to priorities, collated and acted upon. Performance to budget and BVPI and KPI (local) service standards. Value for Money. Essential facts.
<b>In what format would you wish to see the summary financial details of NBC and what would be the ideal content?</b>
Pie charts with small description next to it, bullet points and interesting facts. Graphical.
Not too many pie charts. In layman terms rather than standard report and account layout, showing the full details.
No pictures just plain facts. Precis sent with Council tax demand, more detailed report on request. No unnecessary questions.
Pie charts or bar charts for simplicity. All costs incurred by NBC and to show any savings made.
To the point. A3 folded sheet chart.
Brief summary of actual achievements. Brief analysis of income expenditure. Brief summary of capital expenditure.
Internet - no waste - option to view if you wish. No paper copies at great cost - these are nearly all discarded. Instead put this for access on the Council website. No paper copies - put it on the Council website. Put into public buildings.
Basic/simple to understand. On line - simple for a non-financial person to understand.
Do not have sufficient knowledge to make a suggestion. Income and Expenditure, balance sheet, current year, last year - columns and pie diagram. As a booklet. Pie charts to encourage clarity.



## **Appendix 2**

### **Equality and Community Impact Assessment**

### **Budget and Corporate Plan 2010-2011 Consultation Programme**

#### **What are we looking to achieve in this activity?**

This consultation was designed using the principles established in our Consultation Toolkit to make sure that it was accessible to local people, to businesses, to partners, to the voluntary and community sectors and to any other interested parties and that all groups can participate and respond meaningfully.

#### **How will the decision be made?**

Cabinet will consider the results of this consultation and of all relevant impact assessments to help it make an informed decision regarding the Council's budget and priorities. The Council will agree its Corporate Plan and set its Budget for the forthcoming 2010/2011 on 25 February 2010.

#### **Who has been involved in devising the programme?**

Assistant Chief Executive's team-draft programme  
Heads of Performance and Change and Finance and Assets  
Management Board-recommendations and approval  
Leader of the Council and Portfolio Holder for Finance sign-off

#### **What information exists already to assist with making the judgments above? Has any consultation been undertaken on this or any other related issue? Are any reports or relevant documents available internally or from partners or other sources?**

The EHRC recommendations contained in the report The Public Sector Equality Duties and Financial Decisions emphasise the local authority's statutory duties to consult and involve equalities groups and stakeholders prior to making financial decisions.

Recommendations from earlier impact assessments were used as the basis to develop the programme wherever possible. Individual budget options and proposals were also subject to screening and impact assessments were undertaken as appropriate. These included the need to give greater consideration to the potential impact of the options and to broaden the consultation to make it more accessible to people in the community, including those whose voices are seldom heard.

Budget and priorities consultation reports including findings and impact assessment information are available for 2007/08, 08/09 and 09/10 on the council's website.

#### **Who is/ will be the main beneficiaries/people affected by this activity?**

Everybody living, working, studying or otherwise engaged with the town or its people may be potentially affected by the choice of priorities and budget plans. This includes businesses, employees of the Council as well as, partners and contractors.



Some efficiency savings will impact on staff and could lead to redundancies and changes in service provision, not the level of service received by the public. Where this is appropriate, consultation will be undertaken in accordance with council policy and all those affected will be able to have a say in the process.

**Does the activity have the potential to cause adverse impact or to discriminate against different groups in the community or to make a positive contribution to equalities?**

The testing challenges caused by the general economic environment, and the credit crunch in particular, are already having a significant impact on our communities and also on our budget, creating added pressure and increase demand for our services.

With limited resources, service provision will need to be reviewed and this may affect the services we provide, the people who deliver them and those who receive them. It is critical when making decisions that may affect people that their views are sought and considered so that we can understand what matters to them, what they consider priority and what areas are in need of improvement and how the choices made may impact on their lives.

**Areas for concern and actions**

**Consultation period**

Cabinet considers draft budget proposals in mid December. The Council is required to set its budget by the end of February. This leaves a window for consultation, which is less than the 12 weeks we would have preferred.

Last year our consultation programme ran from December to January and we would have liked to give people more time to consider their responses.

This year we launched our programme a month earlier. The extra time allowed us to consult on the priorities for our corporate plan which were later revised and validated alongside the budget proposals

**Public Meetings and Focus Groups**

Last year we ran a consultation programme via our website, the media, council buildings and our extensive networks including local business. We also held two focus groups with representatives from our Residents Panel. No open public meeting took place.

This year we wanted to reach even further and to be even more inclusive. We devised a comprehensive programme of public meetings and focus groups including the following:

Residents Panel (a group that mirrors the demographic make up of the town)

Community Forums (including representatives from the Disabled Peoples' Forum, Pensioners' Forum, Young Peoples' Forum, Diverse Communities Forum, etc)

Northampton Federation of Residents Association

Public Meetings across the town (covering outlying and central locations)

Voluntary and Community Sector.

## Outcome

Having circulated our surveys to all members of the residents' panel and also the wider engagement, we were able to increase take up by 100% and also received responses from a more diverse group of people.

The profile of our survey respondents was as follows:

### Gender

Male	50%
Female	50%

### Age

Under 25	2.7%	41-60	41.6%
25-40	16.8%	Over 60	38.9%

8% were from BME and 92% were non-BME.

Representatives from our residents' panel and diverse community forums were invited to attend focus groups to ensure that views were taken from as wide a range as possible.

## Savings

Proposals that will lead to efficiency savings have been screened for impact against the equality strands. Where proposals involve staff changes and rationalisation, appropriate consultation in line with council policy will be followed and outcomes monitored for any disproportionate and adverse impacts on individual groups.

Any savings with impact on services will have the issues and risks raised through their individual assessments and evaluations taken into account in the implementation and monitoring of the options.

Started November 2009

Completed February 2010

## **Appendix 3**



# Tell us what you think

**we want to hear your views on how we spend money on services for you....**

**Budget and Corporate Plan 2010 2011**

**Consultation**



## Budget and Corporate Plan 2010 2011

## Consultation

### **Northampton Borough Council's Corporate Plan sets out our medium term objectives and ambitions for the Council and is updated each year.**

In November 2009 the Council started consultation on its Budget and Corporate Plan. We wanted to find out what was important to people and where we need to focus our resources. The economic climate is the toughest it has been for many years and we wanted to make sure the priorities that we had set ourselves were still appropriate.

Consultation on a draft budget proposal for 2010/11 is now underway.

The economic recession means these are difficult times but we are determined that Northampton Borough Council will continue to improve and provide better services and value for money for local people.

This will be a challenge. Demand for our services and support for people, particularly those in need of benefits and housing, has increased. At the same time, there will be less income from council tax, Government grants and service charges. So there will be hard choices to be made about how resources are allocated.

Your views on this are important. We want to know, for example, if you would be prepared to receive a lower level of service in some areas so

that we could provide more support to vulnerable people most affected by the recession.

Northampton Borough Council receives 15% from the total council tax collected to support the services we provide. The balance is collected on behalf of the County Council and the Police Authority, who are separately consulting on their council tax.





## Budget and Corporate Plan 2010 2011

## Consultation



Northampton Borough Council provides you with many services such as;

- **Waste and litter collection**
- **Household waste collection**
- **Doorstep recycling**
- **Cultural and recreational activities and venues (such as sport, leisure centres, museums and galleries, theatres and concert halls, parks and open spaces)**
- **Housing**
- **Planning**

Despite the financial pressures that the Council is facing, we are now consulting on a draft balanced budget with a proposed council tax increase of 2.47%. This represents an annual increase of £5.05 on an average Band D property. The draft budget for 2010/11 also includes £4.3m of efficiency savings and £0.9m that we could raise by increasing charges and making further savings.

We are seeking your views through this consultation to help us look at our priorities and how money will be spent during the next year.

“

We are seeking views through this consultation to help us look at our priorities and how money will be spent during the next year.

”

## How to take part

Please send us your views **before the end of January 2010** so we can use them to consider what areas we need to focus on for next year's budget.

The final decisions about the budget and priorities will be made during February 2010.

Further information on our Corporate Plan and budget, together with details on the outcomes of this consultation, will be made available on our website or on request.

### Send us your responses by



Visiting our website  
[www.northampton.gov.uk/consultation](http://www.northampton.gov.uk/consultation)



Completing this form and post to NBC  
**Freepost** MID 17237, Northampton,  
NN1 1WJ



Emailing your views to  
[budget@northampton.gov.uk](mailto:budget@northampton.gov.uk)



Or returning your form to the **One Stop Shop** at the Guildhall



**If you need help completing the form, require the information in an alternative format or would prefer to talk to us on the telephone, call 01604 837573 or by minicom on 01604 838970**

# Part 1

## The Budget and council tax

**The Council has worked hard to make sure the current financial situation does not affect front line service delivery. As in previous years, the Council has focussed on making savings by finding more efficient ways of working rather than impacting on front line services.**

To help inform how we spend the budget and make the right choices, this section seeks your views on spending choices.

The following proposals have been made, we would like you to feedback whether you agree or disagree with these proposals.

*(Please tick one box)*

- **Grants to the voluntary sector should be maintained at their current level - the voluntary sector provides vital services to vulnerable people including those suffering from the effects of the recession.**

I agree ☐ I disagree ☐

- **That no increase be made to the hours of the Concessionary Bus Fare Scheme - the scheme currently allows for free travel to those over 60 years of age and eligible disabled. If the availability of hours were extended to all passholders for free bus travel prior to 9.30am Monday to Friday, this would create an additional budget pressure of up to approximately £390,000 per year (this is equivalent to 3% of council tax).**

I agree ☐ I disagree ☐

- **Car parking prices should not be increased to help local businesses and encourage visitors to the town. Discounts to seasonal ticket holders, town centre residents and overnight parking will however be reviewed.**

I agree ☐ I disagree ☐

- **As long as the service provides good value for money, are you concerned about who provides it? For example some councils have joint working arrangements with public and private sector providers.**

Yes ☐ No ☐

- **Do you think the Council should actively be pursuing a green agenda? For example reducing carbon emissions and delivering recycling initiatives?**

Yes ☐ No ☐

- **Would you be prepared to receive a reduced level of service in some areas, in order to support the needs of people most affected by the recession?**

Yes ☐ No ☐



**Budget and Corporate Plan 2010 2011**

**Consultation**

In total within the 2010/11 draft budget, we have identified £5.2m of savings, efficiencies and income options, mostly from internal efficiency savings. Details of all options can be found on our website at [www.northampton.gov.uk](http://www.northampton.gov.uk)

**We would also like to hear your views on whether some service costs or charges should be increased or reduced. Please tell us what you think we should change.**

**Do you use any Borough Council services where a fee is charged (such as collection of bulky waste, use of our leisure centres)?**

**Yes**

☐

**No**

☐

**If so, which services do you use?**


**Do you think they are value for money?**

**Yes**

☐

**No**

☐

**Do you accept prices should go up from time to time?**

**Yes**

☐

**No**

☐

If you want to comment in more detail on specific fees and charges, you can find them explained on our website [www.northampton.gov.uk](http://www.northampton.gov.uk) or you can ask for a paper copy by contacting us on [budget@northampton.gov.uk](mailto:budget@northampton.gov.uk) or by telephoning **01604 837573** or by Minicom on **01604 838970**.

**Please tell us what you think here:**


**Do you have anything else to tell us about the costs and charges of our services?**






## Budget and Corporate Plan 2010 2011

## Consultation

### Capital Programme

The capital budget enables the Council to invest in assets and infrastructure (for example improvements to buildings) to improve service delivery. It is funded separately to the "revenue" budgets above. Our capital resources are also limited, so it is necessary to prioritise bids for new projects.

**Should the Council dispose of non-essential properties to enable resources to be directed to assets providing essential services?**

Yes ☐ No ☐

For 2010/11 there is a short list of new bids as shown below. The full capital programme is also available on our website.

Please show the order you would rate them, with 1 for the proposal you support the most, down to 5 for the one you would support least.

### Proposals

*(Please number 1-5 in order of priority)*

- ☐ **Improvements to car parks** (necessary to prevent against natural environmental damage) ☐
- ☐ **Refurbishment of cemeteries and churchyards** ☐
- ☐ **Disabled Adaptations** (to non council owned properties, a statutory requirement, such as ramps and stair lifts) ☐
- ☐ **Refurbishment of changing rooms within parks** ☐
- ☐ **Abington Street and Market Square Improvements** (feasibility, options, consultation, exhibition including resurfacing, lighting, street furniture) ☐



## Part 2

### Your Priorities

Last year, you told us what you thought the Council should concentrate on. We used this to develop our five priorities. These form the core of our Corporate Plan.

In the current economic climate, with less money to spend, do you think the priorities below are right for Northampton - what else ought we to include? Please tick below if you think we should keep these as priorities and write in what others you would like to see:

Key Priorities for Northampton Borough Council for next year	Still right	No longer right
<b>Safer, greener and cleaner communities</b> - for example, dealing with crime, caring for the environment, keeping the town clean	<input type="checkbox"/>	<input type="checkbox"/>
<b>Improved homes, health and well-being</b> - for example, improving housing quality, providing leisure opportunities, contributing to better health	<input type="checkbox"/>	<input type="checkbox"/>
<b>A confident, ambitious and successful Northampton</b> - for example, improving the town centre, promoting cultural activities, planning sustainable growth	<input type="checkbox"/>	<input type="checkbox"/>
<b>Strong partnerships and engaged communities</b> - for example, understanding and talking to our citizens, working with voluntary organisations	<input type="checkbox"/>	<input type="checkbox"/>
<b>An efficient well managed organisation that puts the customer at the heart of what we do</b> - for example, improving financial management, providing value for money, ensuring fairness in our services	<input type="checkbox"/>	<input type="checkbox"/>

I would also like to include:

The five things that are most important to me in making Northampton a good place to live are:

1.
2.
3.
4.
5.

The five things in most need of improvement for making Northampton a good place to be are:

1.
2.
3.
4.
5.

Is there anything else you would like to tell us?

## Budget and Corporate Plan 2010 2011

## Consultation

### Monitoring Information

You do not have to provide this information but it will help us understand how well we communicate with and listen to our community:

**Tick all that apply**

I live in Northampton

☐

I work in Northampton

☐

I study in Northampton

☐

I have a business in Northampton

☐

I am employed by Northampton Borough Council

☐

I am responding as an individual

☐

I am responding on behalf of the following organisation/group:

We will let you know the outcome of this consultation and how your views have influenced the decisions we make by publishing a report on our website.

If you would like us to contact you direct, please provide the following information:

Name:

Address/Postcode:

Telephone:

Email address:

How would you prefer to be contacted?

I am willing for the Council to contact me again in connection with this consultation

☐

I am willing for the Council to use my feedback in connection with other services it provides

☐

*Please tick*

Gender:

Age:

How would you describe your ethnicity:

Please note that data collected will be used and kept in accordance with the Data Protection Act 1998.



Please return to:  
Policy and Community Engagement, NBC Freepost MID  
17237, Northampton, NN1 1WJ





Appendices

6



**NORTHAMPTON**  
BOROUGH COUNCIL

Item No.

7

## CABINET REPORT

Report Title

CAPITAL PROGRAMME 2010-11 TO 2012-13

AGENDA STATUS:

PUBLIC

**Cabinet Meeting Date:** 24 February 2010

**Key Decision:** YES

**Listed on Forward Plan:** YES

**Within Policy:** YES

**Policy Document:** Capital Strategy

**Directorate:** Finance & Support

**Accountable Cabinet Member:** David Perkins

**Ward(s)** Not Applicable

### 1. Purpose

1.1 The purpose of the report is to:

- To present the Council's Capital Strategy for 2010-11 to 2012-13
- To present the proposed capital programme for 2010-11.
- To outline the capital programme funding proposals for 2010-11 and future years.
- To ask the Cabinet to recommend to Council that they approve the recommendations in paragraph 2 below.

## **2. Recommendations**

---

- 2.1 That the Cabinet recommend to Council that they approve
- a) The draft capital strategy for 2010-11 to 2012-13, as set out in Annex A.
  - b) The capital programme for 2010-11, including future year commitments, as set out in Annex B.
  - c) The capital financing principles to be applied in 2010-11, as set out in the Capital Strategy (Annex A) pages 29-31
  - d) The proposed financing of the capital programme for 2010-11 and future years, as set out at paragraphs 3.2.12 and Annex C.
  - e) That Cabinet be authorised, once the programme has been set, to approve new capital schemes and variations to existing schemes during 2010-11, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.
- 2.2 That Cabinet note:
- The contribution of each new scheme in the 2010-11 capital programme to the Council's corporate priorities for 2010-2013, as set out in Annex D.
  - The risks outlined at paragraph 4.2.

## **3. Issues and Choices**

---

### **3.1 Report Background**

#### **The Financial Position**

- 3.1.1 The Council is facing an extremely challenging financial situation in the short to medium term.
- 3.1.2 The funding for capital expenditure is closely linked both to revenue funding in relation to borrowing costs and Minimum Revenue Provision (MRP) charges, and the difficult economic situation, for example in relation to its ability to generate capital receipts.
- 3.1.3 The past 12 months has seen a period of continued national economic instability. This has had specific repercussions locally.
- 3.1.4 The impact on the housing market has had the effect of reducing income levels – Right to Buy sales have significantly reduced, and buyers are difficult to secure for other types of property, particularly at the right price. This will have an impact on the availability of capital receipts to fund capital expenditure.
- 3.1.5 Some grant funding has also been affected where grant-awarding bodies are being forced to tighten their belts.
- 3.1.6 The capital programme put forward for approval for 2010-11 is therefore considerably more constrained than in previous years.

## **Building the Capital Programme.**

- 3.1.7 Project appraisals have been completed for all 2010-11 capital programme bids.
- 3.1.8 Each project appraisal demonstrates how the scheme will contribute to:
- The Council's corporate priorities.
  - Statutory duties and legal commitments
  - Partnership working
  - Performance indicators
  - Service strategies and plans
  - Equalities
  - Other corporate initiatives
  - National priorities and targets
  - Environmental impacts.
- 3.1.9 These factors are all taken into account in formulating a proposed capital programme within the resources available, that will best target the Council's corporate priorities.
- 3.1.10 Officers maintain a file of all project appraisals and copies of individual appraisals are available on request.

## **3.2 Issues**

### **The Capital Strategy**

- 3.2.1 The proposed Capital Strategy for 2010-11 to 2012-13 is attached at Annex A. This updates the Capital Strategy for 2009-10 to 2011-12 approved by Council on 26 February 2009.
- 3.2.2 Capital expenditure represents major investment in new and improved assets such as land, buildings, infrastructure, equipment and information technology. It therefore plays a key part in the development of the Council's services.
- 3.2.3 The Government expects each local authority to produce a capital strategy. The aim of the capital strategy is to provide a clear framework for capital funding and expenditure decisions. This is in the context of the Council's vision, values, objectives and priorities, financial resources, and spending plans.
- 3.2.4 The strategy supports the development of an approved capital programme that shows the Council's commitment to maintaining and improving its capital stock and infrastructure. This in turn underpins the delivery of high quality and value for money services and helps to secure a better environment for the people of Northampton.
- 3.2.5 The strategy covers both the present position and future plans - the former setting the context for the latter. It also includes an action plan for future improvements. The capital strategy also outlines the management and monitoring arrangements that the Council has in place for effective delivery of the strategy.
- 3.2.6 The strategy includes the Council's capital funding strategy for 2010-11.

3.2.7 Members of the public were consulted on the draft Capital Strategy through the focus groups held in January and February 2010. Overall the groups agreed with the approach taken in the strategy. Specific comments made by the focus groups can be found in the consultation results in the Corporate Plan 2010-13 report elsewhere on this agenda.

### Capital Programme

3.2.8 The proposed capital programme for 2010-11 to 2012-13 is attached at **Annex B**. The programme is split between General Fund (GF) and Housing Revenue Account (HRA) schemes, and is made up of:

- Continuation schemes from 2009-10;
- New bids for 2010-11 starts;

3.2.9 The value of the total proposed capital programme for 2010-11 is £25.490m, as set out in the following table.

<b>Capital Programme 2010-11</b>	<b>£m</b>	<b>£m</b>
<b>General Fund</b>		
Continuations from prior years	4,839	
New bids supported by project appraisals	4,740	
		<b>9,579</b>
<b>Housing Revenue Account (HRA)</b>		
Continuations from prior years	13,361	
New bids supported by project appraisals	2,550	
		<b>15,911</b>
<b>Total</b>		<b>25,490</b>

3.2.10 The table below shows details of the new start changes to the programme since the 16<sup>th</sup> December 2009 Cabinet report.

<b>Appraisal Ref</b>	<b>Scheme Title &amp; Reason for Change</b>	<b>2010-11 £k</b>	<b>2011-12 £k</b>	<b>2012-13 £k</b>
<b>General Fund</b>				
2010-11/GF10	Beckets Park (removed due to external funding not agreed)	-60	-525	-525
2010-11/GF32	Gates Jeyes Jetty (removed due to external funding not agreed)	-30		
2010-11/GF24	Fire Risk Assessment (final figure for project)	-9		
2010-11/GF33	Carparking Centralisation of Pay on Foot (additional scheme to deliver spend to save in revenue)	55		
The following 3 projects grant funding is classed as Revenue; therefore they have been removed from the Capital Programme.				
2008-9/GF061	Out of School Hours Play Activities	-1.4	-2.3	
2008-9/GF062	Holiday Play	-3.4	-1.4	
2008-9/GF064	Innovative Play Days	-0.6	-0.2	
2010-11/GF11	Public Realm for Abington Street and Market Square (£100k of project is Feasibility/design and is Revenue, so capital expenditure starts in 2011/12)	-100		
2010-11/GF12	Market Square Lighting (now 2009/10 as approved by Cabinet)	-280		
	<b>GF Total Changes</b>	<b>-429.4</b>	<b>-528.9</b>	<b>-525</b>
<b>HRA</b>				
2010-11/HRA7	HCA Challenge Fund Round 2 Bid (NBC new build) (removed, bid not successful)	-955		
	<b>HRA Total Changes</b>	<b>-955</b>		

The programme now reflects all 2009/10 proposed changes including slippage as at Cabinet for 10/02/10.

3.2.11 Details of the individual schemes can be seen in Annex B & E.



## 2010-11 Funding Issues

3.2.12 The table below outlines how it is planned to fund the proposed capital programme in 2010-11.

Funding source	GF	HRA	Total
	£m	£m	£m
Supported Borrowing		0.500	0.500
Prudential Borrowing	5.631		5.631
Capital Receipts		0.520	0.520
Major Repairs Allowance		9.089	9.089
Grants & Third Party Contributions	3.448	0.358	3.806
Revenue Contributions	0.500	5.444	5.944
<b>Total</b>	<b>9,579</b>	<b>15,911</b>	<b>25,490</b>

\*Please note any differences are due to rounding's

3.2.13 A more detailed breakdown of the funding assumptions for the next three years is set out at **Annex C**

## The Capital Programme and the Council's Corporate Priorities

3.2.14 **Annex D** sets out how the new bids for 2010-11 starts in the proposed capital programme contribute to the Council's corporate priorities for 2010-2013.

### 3.3 Choices (Options)

- 3.3.1 Cabinet are asked to recommend to Council that they approve the recommendations at paragraph 2.2.
- 3.3.2 Cabinet may propose changes to the capital programme in consultation with the Chief Financial Officer.
- 3.3.3 Cabinet may propose changes to the Capital Strategy in consultation with the Chief Financial Officer.

## 4. Implications (including financial implications)

### 4.1 Policy

- 4.1.1 The capital programme is set in the context of the Council's Capital Strategy. The proposed Capital Strategy for 2010-11 to 2012-13 is attached at **Annex A**.

- 4.1.2 The approval of the 2010-11 capital programme, forms part of the annual budget setting process, and if approved the programme will become a policy document.

## 4.2 Resources and Risk

- 4.2.1 Members are required to agree a balanced capital programme. The 2010-11 programme shown in **Annex B** is fully funded, as set out at **Annex C**, and will meet this obligation.
- 4.2.2 The revenue implications of each scheme included in the proposed capital programme for 2010-11 have been included in the revenue budget proposals for 2010-11 and future years. This includes debt financing budget impacts arising from prudential borrowing to support the programme.

It is proposed that unsupported (prudential) borrowing of £5.6m will be used to support the proposed capital programme in 2010-11. This will create a revenue commitment for interest payments in 2010-11 and a revenue commitment in for principal and interest in future years. The value of the principal element will vary in line with the new MRP (Minimum Revenue Provision) regulations, and an estimate has been provided for this, and for the interest repayments in the Council's debt-financing budget.

- 4.2.3 The following two schemes are reliant upon the receipt of a large proportion of external funding, that has yet to be confirmed. There is therefore a risk that these schemes will not be delivered if the external funding is not received.

Scheme Reference & Description	Scheme Narrative	Total Scheme £K	External Funding £k
2010-11/BGF8 Northampton Townscape Heritage Initiative	This project will undertake Historic shop front renewal, building improvements and renovate vacant floor space above the retail units in Gold Street and the entrance to the Market Square. The overall objective of the scheme is to create a sense of place and a Northampton identity based on the collective historic character of the town. The project will undertake essential works to buildings in need of improvements to ensure the building can be used to its full potential. The project will also aim to bring back character to individual buildings, which has been lost through unsympathetic modifications.	2,048	1,898
2010-11/BGF11 Public Realm for Abington Street and Market Square	The project is to develop a design for public realm for Abington Street and the Market Square. The work will create a network of well-designed public space where the streets, alleys, squares and green spaces will provide a sequence of public spaces that will accommodate a rich variety of activity making, walking and cycling through the town.	6,000	5,700

- 4.2.4 Each scheme will be subject to risk assessment and risk management in respect of both financial and non-financial aspects of the project. This is the responsibility of the project manager. Risks around the financing of the capital programme are monitored by the Finance Manager (Capital & Treasury) and any emerging issues are reported to the Council's Chief Financial Officer (the Director of Finance and Support).

### **4.3 Legal**

- 4.3.1 A number of the schemes in the programme are necessary to fulfil the Council's legal or statutory obligations. The legal and statutory issues relating to each scheme are set out in the individual project appraisals and managed by the project manager through the project risk registers.

### **4.4 Equality**

- 4.4.1 An initial screening has been undertaken for the Capital Strategy. This indicated that there were no specific equalities impacts relating to the strategy itself. A copy of the initial screening is included at Annex F.
- 4.4.2 Each completed capital project appraisal includes responses to the following questions:
- State specifically the equalities issues that have been identified that this project will address?
  - How will this project address the equalities issues that have been identified?
- 4.4.3 Project Managers are also required to provide the name of the person responsible for completing the Equalities Impact Assessment for the specific project and the dates by which that will be completed.
- 4.4.4 Appropriate completion of the Equalities Impact Assessment process is a condition of approval for each scheme in the capital programme.
- 4.4.5 The project manager is responsible for ensuring that issues identified in the Equalities Impact Assessment are appropriately addressed in the implementation of the capital scheme.

### **4.5 Consultees (Internal and External)**

- 4.5.1 Members of the public were consulted on aspects of the draft capital programme through the general consultation on the budget, and on the draft capital strategy through focus groups held in January and February 2010. The outputs of this consultation can be found in the annex to the Corporate Plan 2010-13 elsewhere on this agenda.
- 4.5.2 Consultations are undertaken in respect of individual schemes within the programme, and these are explained in the project appraisals.

## **4.6 How the Proposals deliver Priority Outcomes**

4.6.1 See paragraph 3.2.14 and **Annex D**

## **4.7 Other Implications**

4.7.1 Other implications may arise in relation to specific capital schemes. These are addressed in the individual project appraisals.

### **4.7.2 List of Annexes**

- Annex A Capital Strategy.
- Annex B Capital Programme 2010-11 to 2012-13 & 2009-10 Continuation Schemes.
- Annex C 2010-11 Forecast of Capital Financing
- Annex D 2010-11 Capital Programme and the Council's Priorities
- Annex E Details of the nature and purpose of 2010-11 new starts.
- Annex F EIA Capital Strategy initial screening.

## **5. Background Papers**

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### **5.1 Cabinet Reports**

- 16 December 2009 – Capital Programme 2010-11 to 2012-13
- 10 February Capital Programme 2009-10 position as at end of December 2009
- 24 February 2010 - Corporate Plan 2010-13

### **5.2 Equalities and Human Rights Commission**

- The Public Sector Equality Duty and Financial Decisions.

**Bev Dixon, Finance Manager – Capital & Treasury, ext 7401**  
**Rebecca Smith, Assistant Head of Finance, ext 8046**

# **Northampton Borough Council**

## **Capital Strategy**

**2010-11 to 2012-13**

### **CONTENTS**

	<b>Page</b>
Schedule of Annexes	1
Introduction and Background	2
Local Context	3
Asset Management Planning	4
Capital Strategy	8
The Council's Priorities and the Community Vision	9
Partnership Working	10
Council Plans and Strategies	13
Affordability, Sustainability, Prudence and Value for Money	14
Consultation	16
Local and National Targets	17
Equalities	19
Political and Corporate Management Structures	20
Performance Management	21
Building and Monitoring the Capital Programme	23
Financing Capital Expenditure	29
Risk Management	33
Purchasing Protocols	34
Annexes	35

## **SCHEDULE OF ANNEXES**

<b>ANNEX</b>		<b>PAGE</b>
<b>A</b>	Portfolios of Cabinet Members & NBC Committee Structure	34
<b>B</b>	Financial Regulations – Extracts	35
<b>C</b>	Short Bid Form	37
<b>D</b>	Project Appraisal Forms	Intranet Link 38
<b>E</b>	Capital Programme Bids – Scoring Framework	Intranet Link 39
<b>F</b>	Project Variation Forms	Intranet Link 40
<b>G</b>	Key to Abbreviations and Acronyms	Intranet Link 41
<b>H</b>	Glossary of Terms	43
<b>I</b>	Feedback Form	47

## **INTRODUCTION AND BACKGROUND**

Capital expenditure represents major investment in new and improved assets such as land, buildings, infrastructure, equipment and information technology. It therefore plays a key part in the provision and development of the Council's services.

The Government expects each local authority to produce an annual capital strategy. This document is the Council's three-year capital strategy for 2010-11 to 2012-13. It updates the capital strategy for 2009-10 to 2011-12 that was agreed by Council on 26th February 2009.

The aim of the capital strategy is to provide a clear framework for capital funding and expenditure decisions. This is in the context of the Council's vision, values, objectives and priorities, financial resources, and spending plans.

The strategy supports the development of an approved capital programme that shows the Council's commitment to maintaining and improving its capital stock and infrastructure. This in turn underpins the delivery of high quality and value for money services and helps to secure a better environment for the people of Northampton.

The strategy covers both the present position and future plans - the former setting the context for the latter. It includes an action plan for future improvements.

The capital strategy also outlines the management and monitoring arrangements that the Council has in place for effective delivery of the strategy.

International Financial Reporting Standards (IFRS) and the Code of Practice on Local Authority Accounting are replacing UK GAAP and the Statement of Recommended Practice (SORP) from 1 April 2010. This will impact on accounting treatment for capital and leasing including definitions. The systems and processes at NBC are being adapted to accommodate the new requirements. There will be new definitions for capital and revenue expenditure.

The three-year capital strategy will be updated on an annual rolling basis.

## **LOCAL CONTEXT**

### **Introduction**

Northampton Borough is mainly made up of the town of Northampton itself, but also includes some villages on the edge of the urban area. Although historically contained within the administrative boundaries of the Borough Council, Northampton urban area is now expanding into parts of Daventry and South Northamptonshire districts. The town has an interesting and varied history, which is reflected in the various historic buildings that can be seen within the town.

Northampton has been chosen by the Government as a major focus for expansion in the Milton Keynes & South Midlands (MKSM) Sub-regional Strategy (March 2005). The MKSM Strategy relates to the 'Sustainable Communities Plan' published by Government in 2003. It sets challenging housing targets for the region to 2031, with the town of Northampton providing a significant part of the growth itself.

Work has commenced on planning for Northampton's next stages of expansion. The Emergent West Northamptonshire Core Strategy and the Northampton Central Area Action Plan Emerging Strategy were issued for consultation in August 2009. These documents set out the role that Northampton and its centre will play as the principal urban area within West Northamptonshire and the wider sub-region.

### **Transport Networks**

Northampton has excellent central location and access to the strategic road network, which makes it a natural focus for business and housing growth. It has good road links to the surrounding towns of Wellingborough, Kettering and Daventry. But these links particularly the M1, A45 and A43 are increasingly congested and operating above design capacity. High volumes of traffic and congestion in and around Northampton will act as a brake on future growth and regeneration and put at risk Northampton's ambition to be a better place

Northampton is well placed for London's and the Midland's airports. It is situated on the main west coast rail line linking London Euston to Birmingham. There are ambitious plans to create a new modern station to more properly reflect Northampton's ambition to be a better place.

### **Area and Population**

Northampton is the largest of the district councils with a population estimated to be 205,200 at mid 2008 (ONS revised mid 2008 population estimates published August 2009).

The area of the Borough of Northampton covers 8,080 hectares within which the town has approximately 90,000 houses. It is anticipated that Northampton as a settlement will grow by approximately 43,300 additional homes and a similar number of jobs in the period 2001-2026. This will increase the population by approximately 100,000.



## **Council Services**

The Council currently provides or commissions more than 50 public services throughout Northampton, including refuse collection, housing and community safety.

## **ASSET MANAGEMENT PLANNING**

### **The Corporate Asset Management Strategy**

The Council's delivery of an effective and efficient capital investment strategy can only be achieved if the process is closely aligned with a clear and robust asset management strategy.

The draft Corporate Asset Management Strategy (2010 – 2013) reviews the complex external environment, recognising key national and local drivers. It deals with the implications for delivering effective asset management during this period, to meet the corporate priorities of the Council. It lays out the key objectives sought through the most effective utilisation of the Council's property assets, whether working alone or in collaboration with partners, and sets performance measures and details outcomes sought.

The asset management strategy is necessarily closely linked with both the revenue and capital budgets, so it is important that this is recognised in the capital strategy. In particular, the focus will be on managing down and rationalising the Council's property holdings to release capital receipts and reduce maintenance liabilities. Subject to cabinet approval, there will be a need during the period of this strategy, to prioritise a proportion of capital receipts released from property disposals for re-investment in retained assets. This investment will address the need to enhance property used in service delivery and to protect and enhance capital values.

The Capital and Treasury Team now work closely with the Asset Management Team through the Capital Accounting User Group, and this joined up working is helping to ensure that the capital programme and the asset management strategy are more effectively linked. This is becoming increasingly important with the greater emphasis placed on asset management planning in the CAA criteria.

The Housing HRA capital programme is closely aligned to the Housing Asset Management Strategy. The Capital & Treasury Team set the HRA programme in consultation with the Housing Major Works Team.

## Fixed Assets Overview

### Analysis of Fixed Assets – Movements in Year

The following table is a summary analysis of the Council's fixed assets as they appear in the Balance Sheet in the 2008-09 Statement of Accounts.

### Operational Assets

	Council Dwellings	Other Housing Property	Other land & buildings	Vehicles plant, etc.	Infra-structure	Com-munity Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Certified Valuation 31st March 2008</b>	614,482	16,805	80,616	10,062	1,444	6,092	729,501
Accumulated Impairment	-948	-382	-1,664	-2,771	0	0	-5,765
Accumulated Depreciation	-17,365	-341	-4,893	-6,380	-195	-66	-29,240
<b>Net book value 31st March 2008</b>	596,169	16,082	74,059	911	1,249	6,026	694,496
<b>Movement in 2008/09</b>							
Additions	7,575	0	750	823	180	579	9,907
Disposal	-665	0	0	0	0	0	-665
Revaluations	10,513	363	1,322	1,176	0	0	13,374
Depreciation	-9,849	-250	-1,876	-466	-15	-21	-12,477
Depreciation Written Back	17,365	254	4,722	6,404	0	0	28,745
Impairments	-104,031	-547	-7,680	-6,062	0	-660	-118,980
Adjustments/Transfers	0	20	-174	2	1	0	-151
Depreciation Adj/Transfers	0	-3	9	0	0	0	6
<b>Net book value 31st March 2009</b>	517,077	15,919	71,132	2,788	1,415	5,924	614,255
Gross Valuation at 31st March 2009	631,905	17,188	82,514	12,063	1,625	6,671	751,966
Impairments at 31st March 2009	-104,979	-929	-9,344	-8,833	0	-660	-124,745
Depreciation at 31st March 2009	-9,849	-340	-2,038	-442	-210	-87	-12,966
<b>Net Book Value 31st March 2009</b>	517,077	15,919	71,132	2,788	1,415	5,924	614,255

## Non Operational Assets

	Works In Progress	Investment & Commercial	Surplus Assets	Total
	£000s	£000s	£000s	£000s
<b>Certified Valuation 31st March 2008</b>	3,050	44,195	796	48,041
Accumulated Depreciation	0	-588	0	-588
Accumulated Impairment	0	-52	0	-52
<b>Net book value 31st March 2008</b>	3,050	43,555	796	47,401
<b>Movement in 2008/09</b>				
Additions	464	129	0	593
Disposal	0	0	-381	-381
Revaluations	0	727	25	752
Depreciation	0	0	-19	-19
Depreciation Written Back	0	0	120	120
Impairments	0	-3,988	-104	-4,092
Adjustments/Transfers	-1	-590	861	270
Depreciation Adj/Transfers	0	8	-128	-120
<b>Net book value 31st March 2009</b>	3,513	39,841	1,170	44,524
Gross Valuation at 31st March 2009	3,513	44,461	1,301	49,275
Impairments at 31st March 2009	0	-4,576	-104	-4,680
Depreciation at 31st March 2009	0	-44	-27	-71
<b>Net Book Value 31st March 2009</b>	3,513	39,841	1,170	44,524

## Analysis of Fixed Assets by Category

31/03/2008		31/03/2009
Number	Operational Assets	Number
12,262	<b>Council Dwellings</b>	12,209
	<b>Other Land and Buildings</b>	
27	Council Houses not used as dwellings	27
95	Shared Ownership Properties	94
3,005	Council Garages	3,002
20	Other Housing Properties	19
67	Operational Shops	67
194	Other Garages	194
1	Guildhall	1
62.88ha	Allotments	62.88ha
4	Sports & Leisure Facilities	5
27	Community Centres	27
2	Museums, Art Galleries	2
1	Open Markets	1
15	Public Conveniences	14
5	Multi-Storey Pay & Display Car Parks	5
4	Local Area Offices	4
4	Central Administrative Offices	4
1	Gypsy Site	1
1	Bus Station	1
17	Surface Pay & Display Car Parks	18
1	Depots	1
15	Sub-Depots	15
1	Golf Course	1
74	<b>Infrastructure</b>	75
164	<b>Vehicles, Plant, Furniture and Equipment</b>	163
	<b>Community Assets</b>	
887.45ha	Parks and Open Spaces	887.45ha
4	Historical Buildings	4
33	Monuments/Memorials/Exhibitions	35
6	Pavilions	6
6	Cemeteries	8
1	Civic/Mayoral Regalia	1
	<b>Non-operational Assets</b>	
284	Commercial Property (Units)	289
65.97ha	Agricultural Land	65.97ha
1	Theatres	1
1	Indoor Market/Arts Venue	1
78	<b>Intangible Assets</b>	70

## **CAPITAL STRATEGY**

The Council's capital strategy is to deliver a capital programme that:

- Contributes to the Corporate Plan, and the Council's vision, values, strategic objectives and priorities
- Is closely aligned with the Council's asset management plan
- Supports other NBC plans and strategies
- Supports NBC service-specific plans and strategies
- Is affordable, financially prudent and sustainable, contributes to better value for money

Particular emphasis will be given to schemes that:

- Achieve the Council's priorities
- Improve performance against national and local targets
- Improve efficiency and effectiveness in service delivery
- Promote partnership working
- Generate or increase income streams
- Promote effective Asset Management, including DDA and Health & Safety issues

The capital strategy will be delivered through:

- Effective political and corporate leadership
- Team Northampton working together
- Adequate and effective performance management arrangements
- Clearly defined processes for building and monitoring the capital programme
- Clear policies on financing capital expenditure
- Effective risk management arrangements
- A clear purchasing protocol

## **THE COUNCIL'S PRIORITIES AND THE COMMUNITY VISION**

The Council has a major role in delivering the community vision for Northamptonshire. The framework for achieving this is the Corporate Plan, which outlines the Council's vision and values, objectives and priorities.

The Council aims to be amongst the best councils in terms of public service within five years.

The Council's priorities and the community vision are set out below.

### **Council Priorities 2010-13**

Our five corporate priorities are:

- Safer, greener and cleaner communities
- Improved homes, health and the well-being
- A confident, ambitious and successful Northampton
- Strong partnerships and engaged communities
- An efficient, well-managed organisation that puts our customers at the heart of what we do

### **Our partnership vision for Northampton**

To be effective and to maximise the use of our shared resources we have developed shared priorities. Our plans set out how we can deliver these shared resources in the most effective way for the people of Northampton.

The Council works with a number of strategic partnerships with other service providers in the area, including the Northamptonshire Partnership, Local Strategic Partnership (LSP), Safer Stronger Northampton Partnership and Children and Young People's Partnership.

### **A county vision and shared priorities**

The *Local Area Agreement* (LAA) is the key delivery plan for the *Northamptonshire Sustainable Communities Strategy* and the Northamptonshire Partnership leads this work.

The Northamptonshire Public Service Board has been established to bring the necessary partners together. The role of the Board is to inform, drive and champion the delivery of the strategies aims.

The Strategy aims are to:

- be successful through sustainable growth and regeneration
- develop through having a growing economy with more skilled jobs
- have safe and strong communities
- have healthy people who enjoy a good quality of life

The LAA sets out the vision and key objectives for the county area between now and 2031. The Agreement has seven high-level priority outcomes for Northamptonshire:

- Stronger, empowered and cohesive communities
- Building Safer Communities
- Improved life chances for Children
- Improved adult health and well-being
- A stronger local economy
- Improved environmental sustainability
- Tackling exclusion and promoting equalities

The Northamptonshire Partnership approved the county's second LAA in 2008. The agreement identifies the key priority outcomes for the whole county as well as informing local priorities for Northampton to be delivered by the Council and its partners. This Council's responses to those shared commitments are set out clearly in Appendix 2 of the Council's Corporate Plan 2010-13.

We believe Northampton will be a successful and confident town where people feel they belong, feel they have a future, feel they have financial stability and, where appropriate, business opportunities. It will also be a place that has vibrant cultures, lifestyle opportunities and where everyone who chooses to live here, work here or visit the town feels at home.

To deliver this the Northampton Local Strategic Partnership has agreed the *Sustainable Community Strategy for Northampton*. The strategy incorporates the key themes from the countywide strategy and focuses on strategic objectives local to Northampton;

By 2011 Northampton will:

- Be recognised for good quality, environmentally friendly housing
- Be well served by modern and efficient public services
- Be safer
- Be cleaner
- Be healthier

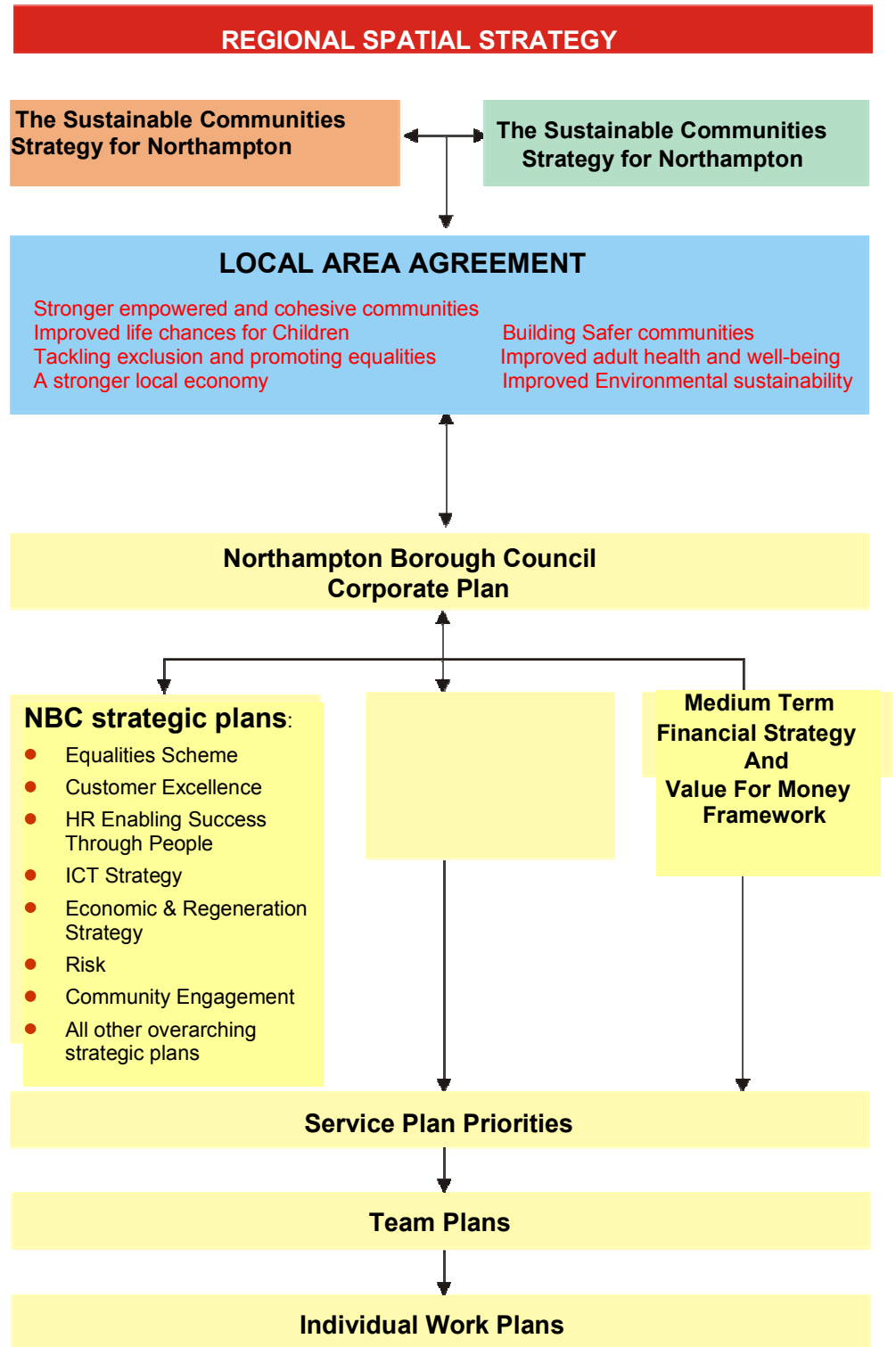
By 2021 it will be a city and a place made up from caring communities.

By 2031 it will be a place of Pride, Respect, Excitement, Vitality, Fun, and Passion. It will be defined by its excellent transport system and will be a major regional cultural and economic centre.

Our Corporate Plan 2010-13 sets out how the Council contributes to the achievement of these objectives.

The illustration on page 11 shows the relationship between these key plans.

## How we deliver our key strategies





## **PARTNERSHIP WORKING**

The Council is committed to working with its local partners to create a sustainable community for all and to deliver high quality services for its citizens.

The Council works with a number of partners as part of the capital strategy, including WNDC, EMDA, the Town Centre Partnership, and Northampton Enterprise Agency (NEL).

### **Other Partnerships**

Since the Council puts a heavy emphasis on partnership working, it is also involved in a number of other partnership arrangements, both service specific and cross-cutting, to help deliver its capital investment plans. These range from third party contributions to the funding of projects, to multi-agency initiatives involving a number of partners.

The Council's capital appraisal process specifically asks for information on the nature and duration of any partnership arrangements for schemes bidding for capital funding, and positive feedback on this point contributes to the overall score of the project when prioritising schemes to meet available funding limits.

### ***Area Partnerships***

These meetings may discuss Council services and are attended by local councillors from both Northampton Borough Council and Northamptonshire County Council. They also provide an opportunity to discuss issues and future plans for Northampton or particular wards with other organisations such as the Police, who attend each partnership regularly to provide an update on local law and order issues.

### ***Tenant Board***

The recommendations from the Tenant Participation Health Check report suggest that there is a need to promote increased engagement of the wider tenant population.

4 x Area Partnership Boards will be formed during 2010, which will feed into an overarching Housing Partnership Board, membership of which will comprise a 50/50 ratio of tenants/council officers and elected members. This will enable a wider, more inclusive and representative tenant membership than that provided by previous formal structures i.e. N-Tact and Customer Panel. It is anticipated that the structure will promote a varying tenant membership rather than a fixed membership. The mechanisms for appointing tenants to the 4 x area boards will be tenant owned.

### ***Housing Strategy Steering Panel***

This is a panel of Members and Senior Management, which enables member involvement in the production, review and delivery of the Northampton Housing Strategy.

## **COUNCIL PLANS AND STRATEGIES**

### **The Corporate Plan**

The revised Corporate Plan for 2010-13 will be taken to Cabinet on 24th February 2010 for recommendation to Council, which meets in February 2010. The Plan is important because it sets out the priorities and objectives for the next 3 years

The plan focuses particularly on the next 12 months and builds on our recent progress and sets out our ambitions, challenges, our priorities and key targets for ensuring that we respond to these and achieve success. Many of these will require effective working with public, private and voluntary sectors. To achieve this, we must become a successful council. We have put in place robust systems and processes to ensure that we will deliver this plan. These coupled with strong management and skilled staff will enable us to be one of the best councils in terms of public service with five years. To do this we will prioritise, the following management aims of our business:-

- Providing excellent customer service
- Engage in meaningful dialogue
- Make best use of our resources
- Be a single effective team
- Focus on a better Northampton

### **The Capital Strategy**

The medium term planning process is used to identify the best strategies to meet the Council's stated vision and priorities - these may have revenue or capital investment implications. Each individual bid for capital resources is evaluated, through the capital appraisal process, for its contribution to meeting the Council's vision and priorities as expressed in the Corporate Plan, as well as its contribution to performance indicators.

In addition the medium term planning framework ensures that the revenue implications of capital projects are built into the Council's forward planning process.

### **Service Plans and Strategies**

The Council's overall aims, objectives and priorities are cascaded down and translated into specific targets and actions through its other strategies and plans. At this level detailed analysis of all the factors impacting on service provision is undertaken and the results consolidated into a single document. The Council has a large number of plans and strategies, ranging from cross-cutting strategies to service specific plans. Below this level there may also be individual team plans.

Capital investment needs identified in the strategies and plans are fed into the Council's capital investment plans through medium term planning and the capital project appraisal process.

## **AFFORDABILITY, SUSTAINABILITY, PRUDENCE AND VALUE FOR MONEY**

### **The Prudential Code**

The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) was introduced by the Local Government Act 2003. It sets out the concepts of affordability, sustainability and prudence as they apply to capital expenditure. A fully revised second edition of the Prudential Code was published in 2009.

A key objective of the Prudential Code is to ensure that the capital investment plans of the local authority are affordable, prudent and sustainable. To demonstrate that these objectives have been met the Code sets out the prudential indicators that must be used, and the factors that must be taken into account. These are designed to support and record local decision-making in a manner that is publicly accountable.

### ***Affordability***

The fundamental objective in determining the affordability of the authority's capital plans is to ensure that the total capital investment remains within sustainable limits. This includes considering the impact on council tax, or in the case of housing projects, housing rents. The Council is required to take into account all its current and forecast resources, together with the capital expenditure plans and revenue income and expenditure forecasts for the coming year and the following two years. This is done on a rolling basis, with regard to risk analysis and risk management strategies. Any significant known variations beyond this time frame must also be considered.

There are a number of prudential indicators that directly address the issues of affordability, including:

- The ratio of financing costs to net revenue stream
- The incremental impact of capital investment decisions on the Council Tax (or Housing Rents)
- Capital expenditure
- The capital financing requirement (i.e. the underlying need to borrow for a capital purpose)
- The authorised limit for external debt
- The operational boundary for external debt

### ***Prudence and Sustainability***

Prudence and sustainability year on year are addressed through the prudential indicators for external debt, which must be set and revised taking into account their affordability.

The key indicator of prudence laid down by the Prudential Code is that net external borrowing should not, except in the short term, exceed the total of capital financing requirement in the preceding year, plus the estimates of any additional capital financing requirement for the current and next two financial years. This ensures that, over the medium term, net borrowing will only be for a capital purpose.

It is also prudent to carry out treasury management activities in accordance with good practice, and the Prudential Code sets a number of indicators to address this. These are:

- Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services
- Upper limits on fixed and variable interest rate exposures
- Upper and lower limits on the maturity structure of borrowings
- Upper limit for principal sums invested for periods longer than 364 days

### ***Northampton Borough Council and The Prudential Code***

The Council addresses the issues of affordability, prudence and sustainability in its capital investment plans by complying with the requirements of the Prudential Code.

This includes the setting and monitoring of prudential indicators. The timetable for reporting to Cabinet and Council is set out in the following table.

Setting of prudential indicators	February/March
First monitoring report	October/November
Second monitoring report	January/February

Additional reports may be taken at any time if the need arises.

### **Value for Money**

It is important that best value for money is obtained from capital investment. The Council is committed to making continuous improvements to processes and practices to increase value for money. Those that are embedded or being developed include:

- Improvements to procurement
- Investing to improve performance and/or generate efficiency savings (spend to save)
- Working with partners to improve efficiency

### **Minimum Revenue Provision (MRP)**

The Council is required to make provision for the principal repayment of borrowing. Prior to 2007-08 the Council was required by statute to provide for the repayment of a minimum amount of 4% of General Fund debt principal each year. This debt repayment is known as the Minimum Revenue Provision (MRP).

The Housing Revenue Account is currently not subject to an MRP charge.

New regulations, the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008, which came into force in February 2008, now require the Council to make instead 'prudent provision' for the repayment of debt. A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment of debt should be aligned to the useful life of the asset or assets to which it relates.

The authority is required, under the new regulations, to prepare an annual statement of their policy on making MRP for submission to Council. The Council's policy statement on MRP is set out in the annual Treasury Strategy, which is agreed by Council during Feb/March each year.

## **CONSULTATION**

Northampton Borough Council recognises that it is important to actively involve the community in the decision making process through consultation in order to provide good quality services and deliver them well.

The Council adopted a Community Engagement Strategy in 2008 and has introduced a Consultation Toolkit as a means to improve how we consult, engage and involve with the people and service users of Northampton.

### **Consultation and Capital Investment**

Consultation feeds into decision-making on the Council's capital investment priorities at a number of levels.

The community vision and strategy and the Council's vision, values, objectives and priorities, which underpin the overall investment strategy, are themselves the result of extensive consultation.

The Capital Appraisal process specifically asks for details of "Consultation with stakeholders"

The Housing Asset Management Strategy includes the draft HRA capital information. The strategy is subject to extensive consultation.

The Council introduced a Consultation Toolkit in October 2008 designed to be an easy to understand, step-by-step guide. It is not intended to be prescriptive, but to assist in the planning and carrying out of consultation work.

The Council will take into consideration consultation feedback and action it where applicable and within overall policy and subject to overall financial constraints.

## **LOCAL AND NATIONAL TARGETS**

### **Local Targets**

Meaningful targets are set at all levels of the organisation, from the Council as a corporate body, through directorates, services and teams down to individual employees. The cascading effect is largely achieved through annual service plans, and staff appraisals. These local targets link directly to the Community Strategy aims and the Council's strategic objectives and priorities, and demonstrate "The Golden Thread" throughout the organisation.

Progress against targets is managed primarily through performance measurement, including performance indicators, and these are widely reported and monitored, both internally and externally.

The capital option appraisal process expressly picks up the extent to which bids for funding will impact on local targets, and these are taken into account when prioritising projects. The project appraisal form has specific questions around:

- Performance Indicators – i.e. - Describe briefly any performance indicators supported by the project (including the name and reference), and any improvement in performance the project will deliver
- Efficiency Savings – i.e. - Give brief details of the efficiencies that are included in the Medium Term Plan and give details of any ways in which the project will support these efficiencies
- Service Strategies and Service Plans – i.e. - Give brief details of any ways in which the project supports the delivery of service objectives outlined in the service strategy or plan
- Other corporate initiatives (including Best Value Improvement Plans / Value for Money Reviews / Systems Thinking) – i.e. - Give brief details of any ways in which the project supports any other corporate initiatives
- Project appraisals outline the planned outputs & outcomes, which are assessed upon project completion, as part of the post implementation review.

### **National Targets**

Since the aim of both national and local government is to deliver quality services for citizens, in most cases national targets dovetail with local targets and the two can be dealt with in tandem. Many of the statutory National Indicators (N.I.s) fall under this umbrella.

To this end, the capital bidding process also collects information on the extent to which a project will contribute towards national priorities and targets.

### **Efficiency Targets**

As part of the Government's 2007 Comprehensive Spending Review it was announced that all local authorities are expected to achieve at least 4% cashable annual efficiency savings target over the period 2010/11.

The Council's strategy for delivering efficiency savings is embedded in the Council's Medium Term Planning process.

## **EQUALITIES**

### **The Council's Approach to Equality**

Northampton Borough Council is committed to ensure that everyone is fairly and equally treated irrespective of race, gender, disability, sexuality, age, religion or belief or any other part of their lives.

In 2008 the Council adopted a Single Equality Scheme that sets out how Northampton Borough Council will ensure that everyone has equal access to council services, job opportunities and to having their voices heard. This ensures that equalities issues are set firmly at the heart of the Council's service planning arrangements, and further, as targets are written into service plans specific to individual each service, ensure that equalities targets and actions are integrated across the Council.

During 2008 the Council achieved level 2 of the Equality Standard for Local Government and in 2009 we achieved level three of the Equality Standard for Local Government and the "Achieving" level of the new Equality Framework for Local Government.

### **Promoting Equalities through the Capital Programme**

The capital project appraisal process is designed to pick up schemes that address equalities issues, and to give these a high priority.

Each completed project appraisal includes responses to the following questions:

- State specifically the equalities issues that have been identified in this project and how these will be addressed?
- How will this project address the equalities issues that have been identified?

The project manager for each capital scheme is responsible for ensuring that an Equalities Impact Assessment is completed appropriately for each scheme in the capital programme. The dates of completion for the assessments are recorded and this information is communicated with our equalities officer.

***All schemes are approved subject to funding and an appropriate Equalities Impact Assessment.***



## **POLITICAL AND CORPORATE MANAGEMENT STRUCTURES**

### **Political Management Structures**

The operational key decisions of Northampton Borough Council are taken by the Cabinet. Each Councillor in the Cabinet is responsible for a portfolio of specific services.

A schedule of the portfolios of Cabinet Members is attached at Annex A.

The Cabinet's decisions can be called-in by any two members of the council or by the chair of one of the three Overview and Scrutiny Committees.

There are currently three Overview and Scrutiny Committees, which, apart from being able to review decisions of the Cabinet, carry out a number of other functions including scrutinising the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas.

The Audit Committee is responsible for risk, financial control and governance (the way that the council makes decisions). It considers the Council's internal audit strategy, plans and monitors performance.

### **Corporate Management Structures**

The Council operates a directorate structure, overseen by the Management Board, which is led by the Chief Executive, Directors & Heads of Service.

### **Project Management**

All projects on the capital programme, and all new bids for capital investment, are managed by a named budget/project manager. He/She is responsible for delivering the project according to the agreed budget and timescales. In some cases the operational responsibilities may be delegated, in which case the accountability remains with the budget manager, while the project manager looks after the operational responsibilities.

Financial support, advice to budget/project managers, capital strategy and reporting to members comes from the Capital and Treasury team. This includes budget/project manager support and co-ordination of the building, monitoring and reporting requirements of the capital programme at a directorate level and for the Council as a whole.

## **PERFORMANCE MANAGEMENT**

### **Corporate Capital Groups**

In addition to the standard reporting hierarchy and management structure outlined above, a corporate group of officers was set up in 2007 to work on bringing the authority to a position where it can meet the requirements of the appropriate regulations in relation to assets and to address the issues raised in relation to capital and assets by internal audit.

This group is called the Capital Accounting User Group (CAUG), and brings together officers from both the Finance and Assets teams of the Council.

### **Comprehensive Area Assessment (CAA) and Performance Management**

The Council views effective performance management as a key component in delivering consistent high quality services that meet the demands of change and growth.

From 2009/10 the CAA has replaced the previous inspection regime of Comprehensive Performance Assessment (CPA). The CAA is an important measure of how all parts of the public sector come together to improve the outcomes for people in the area.

The CAA is in two parts, an Organisational Self Assessment of how individual council's are doing in delivering improved out comes to it's, this is scored from 1 – 4, 1 = performing poorly to 4 = performing excellently. Then an Area Assessment, which draws together, all the other bodies, namely the other districts, County Council, PCT, Fire Authority etc in an area covered by a county. Areas of notable practice will be shown with a green flag, areas of concern with a red Flag. These will both be updated on an annual basis.

Comprehensive Area Assessment (CAA) results for the area and organisational assessment were released 9 December 2009. The Council scored as "Managing Adequately" overall and scored as managing adequately across all areas of the assessment.

The Area Assessment report highlighted significant issues with either red or green flags. Northamptonshire had one red flag (alcohol harm) and one green flag (North Northamptonshire recovery and rejuvenation)

Improvement has already been seen on the Council's Use of Resources assessment, where a level 2 score was maintained despite the new harder test.

While the CAA will continue to provide assurance about how well services are run and how effectively taxpayers' funds are used, it will also provide a greater focus on issues that are of importance to the local community, outcomes, and places a particular focus on asset management.

It is clear that the development and management of the Council's capital programme and its management of assets are fundamental to achieving a positive assessment.

## Performance Management

The use of performance management, as a means of improving performance and accountability at all levels, is actively promoted within the Council. Senior managers and councillors have a principal role within the Council's Performance Management Framework (PMF)<sup>1</sup> for ensuring performance improvement.

The Council's PMF ensures that comprehensive systems provide timely performance information, which informs strategic and operational decision making processes. The PMF system incorporates monthly reporting across all service areas using a consistent format. This approach ensures improvement actions and reporting extends through to team and individual staff performance management.

The PMF sets out the flow of management information across the Council. Performance indicators are collected monthly, quarterly or annually are reported on their own timelines. We use traffic light coding to clearly identify whether progress to meet targets is on track. Performance is discussed within service areas at three weekly Departmental Management Team.

Performance and finance is monitored closely by Cabinet and senior management<sup>2</sup>. The Leader works with the Portfolio Holder for Performance and Cabinet and the relevant Overview and Scrutiny Committee to regularly review performance.

The Council is currently working with the other Local Area Agreement partners within the county to develop a co-ordinated approach to monitoring and reporting the new National Indicators and progress made in delivering the Local Area Agreement.

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<sup>1</sup> Performance Management Framework (part 1 & 2)

<sup>2</sup> Cabinet and Overview and Scrutiny Performance Reports

## **BUILDING AND MONITORING THE CAPITAL PROGRAMME**

### **Capital Programme 2010-11 to 2012-13**

Project appraisals have been completed for all 2010-11 capital programme bids. Each project appraisal demonstrates how the scheme will contribute to the Council's corporate priorities as set out in the Council's Corporate Plan.

The project appraisals also outline the contribution of the scheme to statutory duties and legal commitments, partnership working, performance indicators, service strategies and plans, equalities, other corporate initiatives, national priorities and targets, and environmental impacts. These factors are all taken into account in formulating a proposed capital programme that, within the resources available, will best target the Council's corporate priorities.

Cabinet will be asked to recommend to Council that Cabinet be authorised, once the programme has been set, to approve new capital schemes, and variations to existing schemes, arising during 2010-11, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.

Bids for future year starts have been put forward in outline only. These will form part of the capital programme build in the year preceding the proposed start and will be prioritised as outlined in the timetable below.

The deminimus level set by the authority for capital expenditure is £6,000. Individual schemes must therefore be £6,000 and above to be included in the authorities capital programme. The only exception is where the funding for the project is external and requires the scheme to be capital.

### **Building the Capital Programme**

#### **Timetables**

The Council's policy is to agree its capital programme on an annual basis in Feb/March immediately preceding the start of each financial year. The agreed programme consists of:

- A firm and fully funded programme for the following year. This includes continuations from previous years as well as new starts in year
- Continuation schemes for the subsequent 2 years

The setting of the programme by Council comes at the end of a thorough process that begins in the previous summer and involves officers in all parts and at all levels of the organisation. A broad indication of the planned timetable and those involved is as follows:

May to July	Medium term planning process begins.
July/August	Capital programme launch workshops offered to all project managers and finance staff.
August/Sept	<p>Draft short bid forms for new starts completed by project managers and taken to DMT meeting for discussion, prior to being reviewed by Finance.</p> <p>All short bids, future year bids and revenue implications checked against Medium Term Planning Options by Finance.</p> <p>Short bid forms signed off and returned to Finance</p> <p>First draft programme (including continuations) and first draft financing spreadsheet put together by Finance.</p> <p>Debt financing budget implications calculated by Finance</p>
Sept /Nov	<p>Short bid forms to review.</p> <p>Full appraisals are completed.</p> <p>Capital Challenge Process</p>
December	<p>Management Board considers the draft capital programme.</p> <p>Notification of government funding allocations</p> <p>Report to Cabinet for consultation, including Capital Strategy.</p>
Feb/Mar	<p>Cabinet recommend draft programme to full Council for agreement</p> <p>Council agree the Capital Programme.</p> <p>Notification by Finance to budget managers of schemes that have been included in the authorities capital programme</p>

The Council's Treasury Strategy and Prudential Indicators for Capital Finance, which are put together by Finance, will also be agreed by Council at the budget setting meeting in February or early March.

Once approved by Council the three-year programme will be published, at a summary level, in the Council's Revenue and Capital Budget Book.

### **Short Bid Forms**

The short bid forms are for completion by the budget or project managers at the start of the budget build process. The bid form enables managers to highlight the need for capital resources and to bid for resources. The information from the short bid form can be transferred directly to the full appraisal form for the schemes that are prioritised to form part of the future capital programme. The bid forms are available on the intranet. See Annex C, or follow the link attached: [Short Bid Form](#).

### **Project Appraisals**

All bids for inclusion in the capital programme are supported by a project appraisal, the preparation of which is the responsibility of the budget holder or project manager.

The appropriate council officers and Portfolio holder(s) sign off the appraisal. This is to show that they are aware of and support the scheme, but these signatures do not constitute approval for the scheme to go ahead.

There are two versions of the full project appraisal format:

- Single projects
- Block appraisals

Block appraisals are used to group similar projects that share the same basic details. An example might be enhancement works at various leisure centres, or security works at various car parks.

The project appraisals provide a summary analysis of the project and cover all the essential details required for the project to move ahead once agreed (subject, where relevant, to any external funding being in place).

This ensures that there are no unnecessary delays to the start of projects in the new financial year. The monitoring process then accommodates any proposed changes or additions to the programme throughout the year.

The project appraisal format is reviewed on an annual basis as part of a policy of continuous improvement and to take into account any relevant changes that may have an impact. Copies of the current project appraisal formats (as used for the Council's 2010-11 to 2012-13 capital programme build) are available on the intranet, follow the link attached: [Single projects](#) & [Block appraisal](#).

### **Prioritising projects**

All bids for inclusion in the following years programme can be scored according to a set of objective criteria to assist with the prioritisation of schemes and the allocation of funds. This ensures that, in a context of limited resources, the community vision and strategy and the Council's vision, values, objectives and priorities form the framework for decisions about investment priorities, and that capital allocations are made using clear impartial criteria.

The scoring is linked directly to the information given on the completed project appraisals, with weighting given to schemes that strongly support the Council's objectives and priorities, and those that fulfil an urgent legal or statutory requirement.

In summary, each bid can be scored on the extent to which the project contributes:

- The Council's objectives and priorities
- Partnership working
- Improvements in performance indicators
- Efficiency savings
- The delivery of service objectives
- Effective Asset Management
- Equalities
- Value for money
- Other corporate objectives

- Legal commitments or statutory duties, including DDA & Health & Safety issues
- Environmental impacts
- Extent of ring fenced or specific funding
- Levels of financial risk involved
- Impact on the revenue budget and income generation

Scoring the bids enables officers to put forward a recommended programme that is within available resources. The prioritised programme is for guidance only. Members are responsible for agreeing the capital programme and have the discretion to include or exclude schemes as they deem appropriate.

A copy of the Council's capital scheme scoring sheet for the 2010-11 programme is attached as part of the appraisal document. See Annex E, or follow the link attached: [Capital Project Scoring Sheet](#). The scoring framework will be reviewed on an annual basis as part of a policy of continuous improvement and to take into account any relevant

### **Project management & monitoring**

Project managers are responsible for the proper and effective control and monitoring of their projects, including financial monitoring.

This includes ensuring that:

- Only capital expenditure is charged to the capital project
- Only expenditure properly attributable to the scheme is coded to the scheme
- The scheme expenditure is contained within the agreed budget, and that any 'unavoidable' variations are dealt with appropriately
- Realistic expenditure profiles are determined
- A realistic forecast outturn for the financial year and the project as a whole are calculated and kept under regular review
- Any slippage of expenditure from current to future years is identified
- Any grants or third party funding is applied for and all grant conditions met
- The source of any revenue funding is identified

Project managers are also responsible for carrying out project reviews following scheme completion. This is an area of work that the Council is developing, The Capital & Treasury Team are requesting information on completed projects as part of their ongoing monitoring role.

### **Directorate Management Teams**

Each Directorate Management Team is responsible for ensuring they receive & review reports on the capital expenditure position for their directorate and that any corrective action needed to address any monitoring issues is agreed and implemented.

## **Finance – Capital and Treasury Team**

Responsibility for capital within Finance sits with the Capital and Treasury Team. The team is responsible for providing support and advice to assist project managers in managing and monitoring their capital budgets.

They also have a key role in consolidating and co-ordinating the monitoring information that is required for reporting purposes. This involves reporting to Directorate Management Teams via Head of Services, Management Board and Cabinet. The team is also responsible for ensuring that the agreed programme is fully and appropriately financed at all times.

### **Capital Programme Monitoring**

The capital programme position is reported to Cabinet on a monthly basis throughout the year, commencing from period 2 (end of May). The report covers the latest programme and any amendments to be notified or approved, expenditure to date, and the forecast outturn. It also discusses the financing position and any steps needed to deal with potential financing difficulties.

As part of the monitoring process, an annex to the report explains the background to any forecast under or overspends, and gives brief details of any variations to the original programme.

At year-end, an outturn report and a slippage report are taken to Cabinet. These will include an analysis of programme slippage to the following year, including the reasons for that slippage and how it is to be financed.

On 29 January 2007 Cabinet approved the following:

“ the principle that slippage between years for capital schemes should be more automatic, subject to the approval of the Council’s Chief Financial Officer (or nominated representative). A report would then be brought to Cabinet after the end of each financial year detailing the capital outturn and reporting the approved slippage. It will be adopted for the 2006/07 financial year onwards and will be more explicitly detailed in the Council’s Financial Management Framework which is currently under review“

### **Changes to the Agreed Programme**

The programme for the coming year is set and agreed by Council prior to 1st April, and it is essential to also have a process that then allows for changes during the year.

Changes may be required as a result of proposed additions to the programme, amendments to existing schemes or deletions from the programme. For example tenders may come in above or below estimate; difficulties may be encountered in implementation, which require a change of approach; funding may need to be released to support another more urgent priority.

### **Proposed additions to the programme**

The need to add a scheme to the programme usually arises from either access to additional funding, such as a grant or third party contribution, or as a response to an unforeseen urgent issue (often related to legal or health and safety concerns).



In order to bid for an addition to the programme, a project appraisal must be completed and signed off in the usual way. The funding for the project must be identified at this stage. Where there is no additional funding to support the bid, resources must be identified from within the existing programme – for example from reduced costs on an existing project, or by withdrawing an existing scheme of lower priority. In these cases a matching project variation must be simultaneously submitted to release the funding (see below).

The request for the decision will usually be incorporated into the regular capital monitoring report to Cabinet. In exceptional cases where an urgent decision is required arrangements can be made by Capital & Treasury team to submit the request for a decision to an earlier Cabinet or to seek an appropriate decision under delegated powers.

### **Amendments to Existing Schemes**

If the proposed amendment is one of substance, which results in a scheme materially different from the original project appraisal, then the original project must be withdrawn, and a new project appraisal completed to support the new bid. If, however, the substance of the scheme remains the same, then the change can be dealt with through the completion and approval of a project variation form.

Formal variations to budgets for existing projects must be completed and authorised in the following circumstances:

- Forecast total scheme outturn is materially in excess of budget
- Additional funding has become available to support a scheme
- A forecast overspend is to be funded by a forecast underspend in another service block
- Funding is released due to a forecast underspend on a scheme
- A scheme is to be withdrawn from the programme

Project variation forms are available on the intranet. See Annex F or follow the link attached [Project Variation Form](#).

## **FINANCING CAPITAL EXPENDITURE**

### **Overview**

Decisions on capital investment are made against the background of constrained resources, and the Council is heavily dependent upon capital receipts and grants from central government to support its capital programme. Other available funding sources include prudential borrowing, third party contributions, and revenue contributions. These are all actively pursued to support capital investment.

### **Capital Receipts**

Capital receipts are derived from both General Fund (GF) and Housing Revenue Account (HRA) asset sales.

NBC do not always receive the full value of these asset sales as some of them are subject to “clawback” arrangements whereby a proportion of the capital receipt must be paid over to HCA.

GF asset sales come from a variety of sources. Generally speaking, 100% of GF asset sales (after any ‘clawback’) can be used to support capital expenditure. Sometimes the asset sale is linked directly to a capital project, for example in a relocation scheme. More often, GF asset sales relate to surplus assets that are held corporately and are not specific to a scheme or even a service block.

HRA asset sales come from the sale of council houses under ‘right to buy’ legislation, and from the sale of shared ownership properties. 75% of the monies that are received (after any clawback) have to be sent to the Department for Communities and Local Government (DCLG) for re-distribution under ‘pooling’ arrangements, leaving 25% to fund new capital programme expenditure.

Since the significant reduction of new council house build, the housing stock has gradually decreased year on year. As at 31 March 2009, the Council’s housing stock stands at 12,209 dwellings, a reduction of 53 on the previous year. The amount of receipts released by right to buy sales is dependent on both the stock itself and on economic and market conditions. The current economic climate has significantly impacted on the number of sales and the amount of receipts.

### **Unsupported Borrowing**

The Local Government Act 2003 introduced new flexibilities into the capital expenditure and financing rules governing local authorities. The new rules, contained in the ‘Prudential Code’, allow local authorities to set their own limits with regard to borrowing undertaken to support capital expenditure. Additional borrowing may now be undertaken, provided that it is, and can be shown to be, prudent, affordable and sustainable. This method of financing capital expenditure is called “unsupported borrowing”.

In order for unsupported borrowing to be prudent, affordable and sustainable, there must be an identifiable, long-term source of revenue funding for the associated revenue (debt financing) costs. Ideally this will come from revenue savings or additional income arising directly from the capital scheme. For example, refurbishment of a building may generate maintenance and/or energy savings, or the building of a car park could generate income through charges. The cost of borrowing therefore should be borne by the service that uses the asset.

## **Supported Borrowing**

The other form of borrowing available for funding the capital programme is supported borrowing. This is where the costs of the borrowing are part recognised in the formula grant settlement and are therefore 'supported'. However the formula grant does not cover the full cost of the borrowing undertaken. As a district authority supported borrowing allocations are limited, generally only Housing supported borrowing allocations have been made available in recent years.

## **Government Grants**

The conditions attached to government grants vary according to the particular grant. Some will fund the full cost of the scheme, others just a percentage, with the local authority having to fund the balance. Most, but not all, grants are time-limited. Not surprisingly, government grants tend to be focussed towards central government priorities.

The largest government grant received by NBC to support the capital programme is the Major Repairs Allowance (MRA) - £7.957m in 2009-10 provided for the express purpose of maintaining the Council's housing stock in its current condition. Other examples from the 2009-10 programme include £422k towards the provision of mandatory disabled facilities grants. Government related agencies such as NEL also provide NBC with considerable grant funding.

## **Third Party Contributions**

As with government grants the conditions attached to third party contributions vary.

This category of funding is becoming of increasing importance to the Council in a climate of stretched local government resources. Included here are:

- Planning obligations funding from Section 106 agreements (developer contributions)
- National Lottery grants
- Contributions from local bodies.
- Contributions from national bodies.

## **Revenue Contributions**

In the past revenue contributions have been a fairly minor source of capital financing for the Council due to pressures on the revenue budget. They are, however, sometimes used to top up small shortfalls in the funding required for a particular scheme.

Revenue contributions from the HRA ear marked reserve have also been a valuable source of finance in helping to deliver the Decent Homes programme.

## **Funding Strategy**

The capital funding strategy is proposed as part of the overall capital strategy and is therefore also reviewed on an annual basis.

This will not fetter the discretion of elected members to make changes during the year – any such changes will be incorporated into the following year's Capital Strategy.

The Council's capital funding strategy for 2010-11 is set out below:

Funding streams are allocated in the following ways:

- General Fund capital receipts are not allocated or committed prior to receipt, unless inextricably linked to a specific project.
- Usable capital receipts from the sale of council housing stock under right to buy legislation are directed at the HRA capital programme to meet the requirements of decent homes targets.
- Usable capital receipts from other asset sales other than RTB, whether HRA or General Fund, can be used towards General Fund capital projects. This reflects the fact that the Council is not currently in a financial position to be able to direct all HRA receipts towards the HRA programme. However this policy may be reviewed in future years
- General fund capital receipts received during the year will be added to the un-earmarked general fund capital receipts reserve (see below) and taken into account as a potential funding source for new schemes or variations in the relevant financial year or the following financial year, subject to revenue budget considerations e.g. debt financing budget implications.
- General Fund capital receipts received from the capital portion of finance lease income on Council owned GF and HRA properties under new IFRS rules will be earmarked for capital expenditure on the Council's property assets.
- Capital Reserves – The current financial climate is such that capital receipts are at a premium. Once the economic climate stabilises and capital receipts become a more reliable income source, consideration will be given to increasing the capital reserve from its current value of £100k.
- The only call on the un-earmarked general fund capital reserve during the year would be for unforeseen high priority emergency capital works that cannot be financed from alternative sources. Agreement will be through the normal channels – that is the submission of a project appraisal or variation to Cabinet.
- Hypothecated funding – i.e. funding linked directly to a specific scheme or service area, such as grants, third part contributions, revenue contributions and supported borrowing – is allocated 100% to the relevant scheme or service.
- Major Repairs Reserve - In line with the statutory requirement, the Major Repairs Reserve is entirely earmarked for HRA capital expenditure on the Council's housing stock
- Supported Borrowing will be used if the unsupported element is affordable.
- Unsupported Borrowing will be used to fund capital investment if the cost of the borrowing is affordable. Ideally the capital investment itself will produce revenue savings, which will cover the cost of borrowing to invest.

The funding strategy is used to determine the allocation of funding to the programme at the start of the year and throughout the year. Depending on the timing and restrictions of the funding streams, the most appropriate funding will be used at the year end. The Capital and Treasury Team, under the direction of the Chief Finance Officer, will apply the available funding to the outturn expenditure in line with the best interests of the Council.

## **Revenue Implications of Capital Projects**

The revenue implications of capital projects are identified through medium term planning and the project appraisal process, and fed into the Council's medium term revenue budget to ensure that all revenue implications are taken into account.

### **Leasing**

Leases are classified in accounting terms as either finance or operating leases. This distinction is important because it dictates whether the lease must be classified as capital (finance leases) or revenue (operating leases), as different accounting treatment is required for each.

All proposed leases must be sent to the Capital & Treasury Team for consideration. They are responsible for advising on and arranging all leases for the Council in conjunction with the Procurement Team, and can ensure that the leases comply with all the relevant accounting conditions and requirements.

All lease arrangements entered into on behalf of the Council must be authorised and signed by the Council's Section 151 Officer.

In order to demonstrate and achieve value for money, the Council's leasing advisors carry out a full evaluation of any lease proposals on behalf of the Council. This involves an analysis of the quality of the proposed lease and a comparison of the whole life costs of, for example, an operating lease, a finance lease or capital purchase funded by prudential borrowing.

It is generally more cost effective to arrange operating leases through sale and leaseback arrangements with a third party rather than through a direct lease from the supplier.

Items financed through an operating lease are coded to and financed as part of the Council's revenue budget. It is the responsibility of the budget holder to ensure that there is sufficient capacity in the revenue budget to fund the annual operating lease costs.

The Council's preference is not to enter into finance leases unless there are exceptional reasons for doing so. Where an operating lease is either not available or not suitable, a capital purchase funded by prudential borrowing generally offers greater benefits than a finance lease

It is anticipated that the introduction of IFRS based changes to accounting regulations from April 2010 may reduce the number of instances where operating leases can be used to finance capital expenditure, particularly in the case of short life assets such as IT hardware, equipment and vehicles. Where this applies it is likely that such items will be purchased through the capital programme and financed by prudential borrowing, with the revenue cost of the borrowing met from the service budget.

## **RISK MANAGEMENT**

Risk management is a key feature in the management of capital projects.

When putting together the Council's capital programme and setting the Council's prudential indicators for capital expenditure, officers take into consideration both the opportunities and the threats which could affect Council's plans and performance, and desired levels of affordability and prudence.

Uncertainty arises in the policy, planning, development and execution phases of capital projects. In line with the Council's Risk Management Strategy, this can be dealt with through the Council's adopted risk management process. Exposure to risk is further managed by experienced finance staff who review project proposals and appraisals prepared by service managers, referring proposals to the Risk Manager as required. Ensuring that financial assumptions are robust, and that revenue implications have been taken into account.

Capital appraisal forms have sections on both financial and non-financial risks so that the risks associated with capital projects put forward for inclusion in the capital programme are fully considered.

Once the programme has been agreed, the probability and impacts of variations to planned expenditure against the capital programme remain significant. Variations can arise for many reasons including tenders coming in over budget, changes to specifications and slippage or acceleration of project phasing. There is also the possibility of needing to provide for urgent or unplanned capital works. These uncertainties are risk managed by officers, proactively, on an ongoing basis and by active financial risk management, including monitoring processes, with monthly reports going to Cabinet.

Each project in the capital programme is categorised financially as a high, medium or low risk to budget, and this assessment is reviewed regularly. The financial risk assessment takes into account the probability of a budget variance, the impact of any potential variance, and the significance of these two factors for the budget assumptions.

### **Financing Risks**

The availability of financing from capital receipts, grants and external contributions also carries opportunity and threat. These risks are managed by officers on an ongoing basis, and include horizon scanning and financial monitoring.

Projects are not authorised to proceed unless and until the associated funding has been identified and secured.

In respect of the borrowing requirements of the capital programme, debt financing revenue costs relating to past and current capital programmes are estimated in accordance with proper practices, and with an inclination to prudence. Risks associated with borrowing to fund capital expenditure are considered in the Councils Treasury Management Practises (TMPs) and annual Treasury Strategy.

## **PURCHASING PROTOCOLS**

### **Procurement Strategy 2008-11**

Capital expenditure by its nature can involve significant sums of money, and it is therefore vital that a comprehensive procurement strategy is in place to protect the Council's interests and to ensure that the Council achieves value for money.

In addition, national developments in procurement such as the National Procurement Strategy for Local Government (LGA 2003) and the Spending Efficiency Review 2004 make it plain that procurement is viewed by central government as one of the major drivers for efficiency savings.

Government requirements from April 2006 also require a fundamental change in sustainable procurement by councils in order to put the UK among the leaders in this area in the European Union by 2009.

In addition specific requirements apply to projects with a value of £3.5m or more under the Public Contracts Regulations 2006 (EU regulations).

The Council's procurement strategy was approved in April 2008. An effective procurement strategy can be used to help achieve wider objectives – for example, as a major purchaser the Council has the opportunity to influence the market in respect of economic development, environmental issues, equalities and health and safety.

### **Procurement Team**

The Council is now a partner of the Northamptonshire Area Procurement Service (NAPS). NAPS provides a shared procurement service with 5 other boroughs and districts to achieve collaborative efficiencies. The Council has joined the East Midlands Property Alliance which will provide access to specialist Construction, Works and Facility related frameworks. The Council has a team dedicated to ensuring that the most appropriate procurement methods are used. The team have a variety of procurement experience and can advise on EU requirements for tendering, as well as general purchasing.

Advice should be taken from procurement section for all capital projects.

**- Annex A -**

**Committee Structure and Cabinet Member Portfolios**

**Portfolios of Cabinet Members**

**Cllr Brian Hoare**  
**Leader of the Council**

**Partnerships & Improvement**

Strategy & Political direction of the Council

**Cllr Paul Varnsvery**  
**Deputy Leader of the Council**

**Engagement**

Leisure & Culture  
Community Engagement  
Safer Stronger Northampton Partnership

**Cllr Sally Beardsworth**

**Housing**

Housing Directorate

**Cllr Richard Church**

**Planning & Regeneration**

Regeneration  
Planning  
Market Square

**Cllr Maria-Trinidad Crake**

**Environment**

Neighbourhood Services  
Public Protection

**Cllr David Perkins**

**Finance and Support Services**

Finance ,Performance  
Legal Services

**Cllr Brian Markham**

**Communities**

Customer Services/ICT & HR

**Northampton Borough Council Committee Structure**

Council

Cabinet

Audit Committee

Overview and Scrutiny Committees

Appointments and Appeals Committee

General Purposes Committee

Standards Committee

Planning Committee

Licensing Committee

Licensing Sub Committee



## **- Annex B -**

### **Extracts from Financial Regulations**

*(as agreed by Council 19 November 2007)*

#### **3.9 Capital Strategy**

- 3.9.1 Capital expenditure is an important element in the development of the Council's services since it represents major investment in new and improved assets. Each financial year the Section 151 Officer shall prepare and submit to Cabinet a Capital Strategy for the Authority. All capital expenditure and income for the authority should be undertaken in line with the agreed Capital Strategy and in compliance with the CIPFA Prudential Code for Capital Finance in Local Authorities and all prevailing statutory and professional regulations.

#### **3.10 Capital Budget**

- 3.10.1 The S151 Officer will be responsible for ensuring that a capital budget for at least the coming three financial years is prepared and brought forward for approval by the Council, upon recommendation of the Cabinet.
- 3.10.2 The Capital Programme will be prepared in accordance with the Capital Strategy and Asset Management Plan of the Authority and be consistent with, and designed to further the achievement of, the Council's priorities. It should be updated as monitoring and the annual budget timetable dictate.
- 3.10.3 Project managers are required to prepare project appraisals including whole life capital and revenue costs for all capital projects to be included in the Council's Capital Programme. The project appraisal must be approved by the Section 151 Officer or other officer authorised by her/him before any expenditure is committed.
- 3.10.4 The first call on capital resources should be for schemes agreed as part of the prior year budget process and which have already commenced. Chief Officers should therefore take this into account when preparing bids for future years.
- 3.10.5 The S151 Officer, will propose to Cabinet a scoring scheme to prioritise capital projects and update it annually. This scheme will be used to prioritise projects within available resources and used to guide members in the setting of the capital programme.
- 3.10.6 The Section 151 Officer shall report to the Cabinet on the overall cost of the draft capital programme compared with the resources likely to be available to finance it in both capital and revenue terms.

#### **3.11 Asset Management Plan**

- 3.11.1 The Asset Manager under the direction of the Section 151 Officer will be responsible for ensuring that an Asset Management Plan covering a minimum of three to five years is prepared and updated at least annually for consideration by the Cabinet and approval by the Council. The plan will be consistent with, and designed to further the achievement of, the Council's priorities.

#### **4.6 Capital Monitoring**

- 4.6.1 Chief Officers through their capital project managers are responsible for managing the financial risks of their projects and must monitor income and expenditure

against the in-year budget, as well as total expenditure over the life of each scheme.

- 4.6.2 Project managers shall provide monthly monitoring information, on a scheme-by-scheme basis, together with a forecast outturn including any re-phasing between years, to the Section 151 Officer.
- 4.6.3 Where forecasts identify an overspend or underspend from the approved budget these variations should be reported promptly to the Section 151 officer along with the proposed action.
- 4.6.4 In circumstances where it is not possible to take programme changes to Cabinet or Council due to a requirement for a quick decision, the Section 151 officer in consultation with the relevant Cabinet Member will have authority to approve the decision, which must be notified retrospectively to Cabinet.
- 4.6.5 The Section 151 Officer shall report the overall capital monitoring position, and the level of resources available to finance the programme, to Cabinet on at least a quarterly basis.

## **5.8 Assets**

- 5.8.1 The Section 151 Officer, in conjunction with the Asset Manager, shall be responsible for maintaining an adequate and up to date register of all the Council's capital assets and for calculating and processing the appropriate capital financing charges in accordance with CIPFA Capital Accounting Guidelines.
- 5.8.2 Each Director and Service Head will be responsible for ensuring that the Section 151 Officer is advised promptly of all additions, deletions or other changes to the Council's portfolio of assets, such as might affect the preparation of the Council's accounts.

**- Annex C -**

**Short Bid Form**

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2010-11 Capital Appraisal Bid \(Short Form\)](#)

Alternatively please contact the Council's Capital and Treasury Team on 01604 837181 or by e-mail at [capitalappraisals@northampton.gov.uk](mailto:capitalappraisals@northampton.gov.uk)

**- Annex D -**

**Project Appraisal Forms:**

**Single Project Appraisal**

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2010-11 Capital Appraisal Form – Programme Build](#)

**Block Appraisal**

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2010-11 Capital Appraisal Form – Programme Build - Block Form](#)

Alternatively please contact the Council's Capital and Treasury Team on 01604 837181 or by e-mail at [capitalappraisals@northampton.gov.uk](mailto:capitalappraisals@northampton.gov.uk)

**- Annex E -**

**Capital Scheme Scoring Sheet**

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2010-11 Capital Project Scoring Sheet](#)

Alternatively please contact the Council's Capital and Treasury Team on 01604 837181 or by e-mail at [capitalappraisals@northampton.gov.uk](mailto:capitalappraisals@northampton.gov.uk)

**- Annex F -**

**Project Variation Form**

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2010-11 Capital Appraisal Variation Form](#)

Alternatively please contact the Council's Capital and Treasury Team on 01604 837181 or by e-mail at [capitalappraisals@northampton.gov.uk](mailto:capitalappraisals@northampton.gov.uk)

**- Annex G -**

**Key to Abbreviations and Acronyms**

AGM	Annual General Meeting
AMP	Asset Management Plan
BVPI	Best Value Performance Indicator
CAA	Comprehensive Area Assessment
CIPFA	Chartered Institute of Public Finance and Accountancy
CPA	Comprehensive Performance Assessment
CSR	Comprehensive Spending Review
DCLG	Department for Communities and Local Government
EMDA	East Midlands Development Agency
EP	English Partnerships
EU	European Union
GAAP	Generally Accepted Accounting Practice
GOEM	Government Office East Midlands
GF	General Fund
HCA	Homes & Communities Agency
IFRS	International Financial Reporting Standards
HRA	Housing Revenue Account
LAA	Local Area Agreement
LGA	Local Government Association
LPI	Local Performance Indicator
LSP	Local Strategic Partnership
MKSM	Milton Keynes & South Midlands
MRA	Major Repairs Allowance
MRR	Major Repairs Reserve
NEL	Northamptonshire Enterprise Ltd

NBC	Northampton Borough Council
NI	National Indicators
ODPM	Office of the Deputy Prime Minister
ONS	Office of National Statistics
PI	Performance Indicator
PPE	Property, Plant and Equipment
RIAG	Repairs & Investment Action Group
SORP	Statement Of Recommended Practice
The Code	The Code of Practice for Local Authority Accounting in the United Kingdom
WNDC	West Northamptonshire Development Corporation



## **Glossary of Terms**

### ***Asset Management Plan (AMP)***

A plan maintained by the authority of the condition and suitability of its buildings, updated regularly and utilised to assess future capital investment needs. An AMP may be corporate or service specific.

### ***Capital Expenditure***

Expenditure on the acquisition of fixed assets (such as land, buildings, and major items of plant, vehicles or equipment), or expenditure that extends the life or value of an existing fixed asset.

### ***Capital Programme***

The authority's plan of capital works for the current and future years, including details on the funding of the programme.

### ***Capital Receipts***

Income from the sale of fixed assets. These can only be used to finance other capital expenditure or to repay outstanding debt on assets financed by loan.

### ***Capital Reserve***

An internal fund set up to finance capital expenditure in future years.

### ***Capital Strategy***

A corporate document providing clear strategic guidance about the Council's objectives, priorities and spending plans, demonstrating the link to key corporate and service objectives.

### ***Community Strategy***

A document developed by a partnership of local agencies and organisations, including the Council, which sets out:

- A framework for the way the different stakeholders can work in partnership
- A set of clear actions against which progress can be constantly monitored
- The basis for making good and effective decisions to achieve a growing and sustainable environment.
- Identified priorities for action
- A framework for other public service planning
- An action plan to identify the action required to bring the strategy into being

### ***Comprehensive Performance Assessment (CPA)***

An annual government inspection rating all local authorities on how they perform. There are five ratings: no star (poor), 1 star (weak), 2 stars (fair), 3 stars (good) and 4 stars (excellent).

### ***Comprehensive Area Assessment (CAA)***

The replacement inspection scheme replacing the CPA.

### ***Comprehensive Spending Review***

The public expenditure planning process introduced by the government in 1997 to replace the system of annual public expenditure surveys. Each CSR covers a three-year period.

### ***Corporate Plan***

An annual statement published by the authority setting out the improvements that it plans to make in the performance of its services and how it intends to do so.

### ***Cross Cutting***

Issues or actions which concern or impact across a number of different areas such as demographic groups, geographic localities, services or service providers. These require co-ordination across departments and with other statutory and non statutory partners.

### ***Debt Financing Budget***

A budget to cover the repayment of principal and interest charges on the debt incurred through the building or purchase of the long term assets used in the provision of services.

### ***Disability Discrimination Act 1995***

Government legislation that places a statutory obligation on local authorities to make their services accessible to disabled people.

### ***Fixed Assets***

Tangible assets that yield benefits to the authority for a period of more than one year. This includes land, buildings, and major items of plant, vehicles or equipment.

Intangible fixed assets consist mainly of purchased software licences and custom built software prepared for use for a period of at least one year.

### ***Local Strategic Partnership***

A high level local partnership to bring together a wide range of public private, voluntary and community interests with the aim of promoting the sustainable, social, economic and environmental well being of the people of Northamptonshire.

### ***Medium Term Plan***

The Council's prioritised service and financial plans for the next three years.

### ***Performance Measures***

The process of taking aspects of performance for measurement and comparison.

***Performance Indicators***

Any numerical data or ratios collected and used for the purpose of evaluating performance against targets.

***Procurement***

The purchase of goods and services, with a strategy being developed to assist with the definition of quality standards and securing provision of the best possible services for local people for a given price.

***Prudential Borrowing***

All borrowing undertaken by the Local Authority for its capital programme must be prudent, affordable and sustainable.

***Prudential Code***

The code of practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority's duty to determine the affordability, prudence and sustainability of its capital investment plans.

***Prudential Indicators***

Required by the Prudential Code, these take the form of limits, estimates or actual figures used to support the local decision making process for capital investment.

***Ring Fenced Funding***

Funding that is for specific projects and therefore cannot be allocated to other general projects.

***Section 151 Officer***

The local authority's chief finance officer as defined and required by statute (Section 151 of the Local Government Act 1972).

***Service Plans***

Part of the business planning processes for service departments, ensuring that their objectives meet the overall priorities of the Council, and that targets are set for improvements in service delivery.

### ***Supported Borrowing***

Funding source for capital expenditure where the revenue costs of borrowing (repayments of principal and interest) are recognised by central government, through the Local Government Finance Settlement. Includes Single Capital Pot element and Separate Programme element. Referred to as “supported borrowing”.

### ***The Code***

The Code of Practice for Local Authority Accounting in the United Kingdom, provides the interpretation of some IFRS accounting standards for Local Government. The code replaces the SORP, which interprets some UK GAAP accounting standards for Local Authorities. The Code has legal force through the Local Government Act 2003, and where the Code is silent on any point the relevant international standard applies unless UK statute overrides.

### ***Unsupported Borrowing***

Funding source for capital expenditure where the revenue costs of borrowing (repayments of principal and interest) do not come from central government, but have to be met by the local authority from its own revenue resources.

### ***Useful Life***

The period over which the local authority will derive benefits from the use of a fixed asset.

### ***Whole Life Costs***

The costs of acquiring or creating an asset, operating it, maintaining it over its useful life, and finally the costs of disposal (i.e. the total cost of ownership).

**- Annex I -**

**Feedback Form**

. Did you find out what you wanted to know about the Council's Capital Strategy?

If you have any comments on the format or content of this document we would be pleased to hear from you.

Please email comments to:

capitalappraisals@northampton.gov.uk

or write your comments in the box below and return to:

Finance Manager - Capital and Treasury  
Finance Department  
Northampton Borough Council  
Cliftonville House  
Bedford Road  
Northampton

**Capital Programme 2010-11 to 2012-13**
**Annex B**

Appraisal Ref		Scheme Title	Scheme Total (All Years)	Prior Years	2010-11 Scheme Total	2011-12 Scheme Total	2012-13 Scheme Total
			£	£	£	£	£
Capital Programme - General Fund							
Continuations from previous years							
2008-09/GF063	Improving Access	180,000	140,000	40,000			
2008-09/GF073	Money 4 Youth	175,602	128,945	46,657			
2008-09/GF075	Housing & Planning Improvements	426,759	226,759	200,000			
2008-09/GF068	Market Square Flexible Place	790,620	669,420	121,200			
2009-10/GF060	Places of Change	1,569,971	873,155	696,816			
2009-10/GF065	Grosvenor Centre Car Park Improvements	1,822,579	50,000	1,717,100	27,452	28,027	
2009-10/GF022	Disabled Facilities Grants	2,213,679	1,713,679	500,000			
2009-10/GF056	Wheeled Bins & Recycling Boxes	200,370	100,370	100,000			
2009-10/GF057	Upton Country park pedestrian & Cycle Bridge	1,407,217	86,000	1,321,217			
2009-10/GF067	Camp Hill MUGA	50,000	2,850	47,150			
2009-10/GF072	Partnership Information Hub	170,000	121,000	49,000			
Continuations Sub Total			9,006,797	4,112,178	4,839,140	27,452	28,027
2010-11 New Starts							
2010-11/GF3	Danes Camp Roof Renewal	305,000		305,000			
2010-11/GF6	St Crispin - Changing Rooms, Toilets, Car Parks	292,863		292,863			
2010-11/GF7	St Crispin Park - Football pitches and Play Provision	164,796		136,831	27,965		
2010-11/GF8	Northampton Townscape Heritage Initiative *	2,048,000		75,000	394,500	394,500	
2010-11/GF11	Public Realm for Abington Street and Market Square	6,000,000			3,000,000	3,000,000	
2010-11/GF15	Water Management Works	100,000		100,000			
2010-11/GF16	Improvements to Car Parks	120,000		120,000			
2010-11/GF17	Cemetries Refurbishment Works	36,500		36,500			
2010-11/GF18	Works to Churchyards (Footpaths and Boundary Walls)	100,000		100,000			
2010-11/GF19	Corporate Properties - DDA Issues	50,000		50,000			
2010-11/GF21	Unexpected in Year Failures	100,000		100,000			
2010-11/GF23	Refurbishment of Parks	135,000		135,000			
2010-11/GF24	Fire Risk Assessment	911,980		911,980			
2010-11/GF25	Disabled Facilities Grants - Private Sector	5,566,000		1,522,000	2,022,000	2,022,000	
2010-11/GF29	Capitalisation Directive 1	500,000		500,000			
2010-11/GF30	Capitalisation Directive 2	300,000		300,000			
2010-11/GF33	Centralisation of Pay On Foot Carparking	55,000		55,000			
New Starts Sub Total			16,785,139		4,740,174	5,444,465	5,416,500
Total Continuations and 2010-11 New Starts - General Fund			25,791,936	4,112,178	9,579,314	5,471,917	5,444,527

*Note: Townscape Heritage Initiative is a 6 year scheme, the scheme total (all years) includes the full cost up to 2015-16*

			2010-11		2011-12	2012-13
Appraisal Ref	Scheme Title	Scheme Total (All Years)	Prior Years	Scheme Total	Scheme Total	Scheme Total
		£	£	£	£	£
Capital Programme - HRA						
Continuations from previous years						
2007-08/CS0026	IBS Housing Management System	1,180,000	1,054,750	125,250		
2009-10/HRA001	Disabled Adaptations - Council Stock	1,718,593	568,593	350,000	400,000	400,000
2009-10/HRA003	Fencing	150,000	100,000	50,000		
2009-10/HRA004	Decent Homes	33,797,162	6,159,651	9,097,511	9,220,000	9,320,000
2009-10/HRA005	Garage Roofs & Doors	250,000	100,000	50,000	50,000	50,000
2009-10/HRA006	Minor Adaptations for Disabled People	575,914	165,914	130,000	140,000	140,000
2009-10/HRA007	Structural Repairs	814,540	214,540	200,000	200,000	200,000
2009-10/HRA009	Environmental Enhancements to Housing Land	1,200,000	300,000	300,000	300,000	300,000
2009-10/HRA010	Heating Replacement (Responsive)	2,035,012	785,012	500,000	400,000	350,000
2009-10/HRA011	Asbestos Remedial Action	400,000	100,000	100,000	100,000	100,000
2009-10/HRA012	Voids	4,700,000	1,600,000	1,300,000	1,000,000	800,000
2009-10/HRA014	Door Entry Replacement	597,372	297,372	100,000	100,000	100,000
2009-10/HRA015	Lifts Refurbishment	1,114,480	1,014,480	100,000		
2009-10/HRA016	Woodside Way New Build Council Dwellings	1,183,993	225,957	958,036		
Continuations Sub Total		49,717,066	12,686,269	13,360,797	11,910,000	11,760,000
2010-11 New Starts						
2010-11/HRA1	Digital Aerial Upgrade	600,000		400,000	200,000	
2010-11/HRA2	Estate Regeneration	1,140,000		180,000	780,000	180,000
2010-11/HRA3	Kitchen Replacement	1,500,000		500,000	500,000	500,000
2010-11/HRA4	Planned Heating Replacement	300,000		100,000	100,000	100,000
2010-11/HRA5	Re-roofing	500,000		300,000	100,000	100,000
2010-11/HRA6	Window & Doors Replacement	100,000		20,000	30,000	50,000
2010-11/HRA8	Fire Safety in Communal Areas	220,000		100,000	100,000	20,000
2010-11/HRA9	Disabled Adaptations - Council Stock	2,650,000		650,000	1,000,000	1,000,000
2010-11/HRA10	PFI Initiative	5,644,000		300,000	2,000,000	3,044,000
New Starts Sub Total		12,654,000		2,550,000	4,810,000	4,994,000
Total Continuations and 2010-11 New Starts - HRA		62,371,066	12,686,269	15,910,797	16,720,000	16,754,000
TOTAL GENERAL FUND & HRA		88,163,002	16,798,447	25,490,111	22,191,917	22,198,527

Note: PFI is a 5 year project and there is an additional £300k in 13/14

**Capital Programme 2010-11 - Forecast of Capital Financing****GENERAL FUND**

	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Available Financing</u></b>			
<b>Borrowing</b>			
Unsupported (Prudential) Borrowing B/fwd		0	0
Unsupported (Prudential) Borrowing New	5,630,580	1,807,452	1,808,027
<b>Grants &amp; Third Party Contributions</b>			
Continuation Schemes	2,522,040	0	0
New Starts 2010-11	926,694	3,664,465	3,636,500
<b>Capital Receipts</b>			
Capital Reserve	0	0	0
Forecast Capital Receipts ( useable)	0	0	0
<b>Revenue Contributions</b>			
Continuation Schemes	0	0	0
New Starts	500,000	0	0
<b>Available Financing</b>	<b>9,579,314</b>	<b>5,471,917</b>	<b>5,444,527</b>
<b><u>Financing Commitments</u></b>			
Continuation Schemes	4,839,140	5,471,917	5,444,527
New Starts 2010-11	4,740,174		
<b>Draft Capital Programme</b>	<b>9,579,314</b>	<b>5,471,917</b>	<b>5,444,527</b>
<b>Financing Excess/(Shortfall)</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes :**

- 1) The capital receipts forecast is zero, due to the current economic situation. Year to date limited General Fund receipts have been achieved and it is envisaged this situation will continue.
- 2) Grant funding for all years is subject to confirmation:  
2010-11 £422k; 2011-12 £3,636k; 2012-13 £3,636k
- 3) This table now reflects all proposed changes including slippage as at cabinet for 10/02/10
- 4) Figures include the new proposed bids for 2010-11



## HRA

	2010-11 £	2011-12 £	2012-13 £
<b><u>Available Financing</u></b>			
<b>Borrowing</b>			
Supported Borrowing B/fwd		0	0
Supported Borrowing	500,000	500,000	0
Unsupported (Prudential) Borrowing		3,545,761	8,359,800
<b>Grants</b>			
Major Repairs Reserve B/fwd	1,050,014		0
Major Repairs Reserve	8,039,476	8,217,600	8,394,200
HCA	225,956		
section 106	132,000		
<b>Capital Receipts</b>			
Right to Buy Capital Receipts br fwd	379,990		
Right to Buy Capital Receipts	140,000	0	0
<b>Revenue Contributions</b>			
Revenue Contributions B/fwd (ear marked reserve)	8,500,000	4,056,639	0
In year contribution	1,000,000	400,000	
<b>Available Financing</b>	<b>19,967,436</b>	<b>16,720,000</b>	<b>16,754,000</b>
<b><u>Financing Commitments</u></b>			
Continuation Schemes	13,360,797	16,720,000	16,754,000
New starts 2010-11	2,550,000		
<b>Draft Capital Programme</b>	<b>15,910,797</b>	<b>16,720,000</b>	<b>16,754,000</b>
<b>Financing Excess/(Shortfall)</b>	<b>4,056,639</b>	<b>0</b>	<b>0</b>

### Notes:

- 1) Figures include the new proposed bids for 2010-11
- 2) This table now reflects all proposed changes including slippage as at cabinet for 10/02/10
- 3) The RTB capital receipts forecast for future years is zero, due to the current economic situation.

## 2010-11 Capital Programme Bids and the Council's Corporate Priorities 2010-2013

Appraisal Ref. No.	Project Title	Council Priority 1	Council Priority 2	Council Priority 3	Council Priority 4
		Safer, greener and cleaner communities	Improved housing, health and the wellbeing	An efficient well managed organisation that puts our customers at the heart of what we do	A confident, ambitious and successful Northampton
<b>General Fund (GF)</b>					
2010-11/ GF03	Danes Camp roof renewal		✓		✓
2010-11/ GF06	Changing rooms, toilets and car park at St Crispin Park	✓	✓	✓	
2010-11/ GF07	Football pitches and play provision at St Crispin Park	✓	✓	✓	
2010-11/ GF08	Northampton Townscape Heritage Initiative	✓	✓		✓
2010-11/ GF11	Public realm for Abington Street and Market Square	✓			✓
2010-11/ GF15	Water management works	✓			
2010-11/ GF16	Improvements to car parks			✓	
2010-11/ GF17	Cemeteries refurbishment works			✓	
2010-11/ GF18	Works to churchyards (footpaths and boundary walls)			✓	
2010-11/ GF19	Corporate properties - DDA issues		✓	✓	
2010-11/ GF21	Unexpected in year failures				

**2010-11 Capital Programme Bids and the Council's Corporate Priorities  
2010-2013**

<b>Appraisal Ref. No.</b>	<b>Project Title</b>	<b>Council Priority 1</b>	<b>Council Priority 2</b>	<b>Council Priority 3</b>	<b>Council Priority 4</b>
		Safer, greener and cleaner communities	Improved housing, health and the wellbeing	An efficient well managed organisation that puts our customers at the heart of what we do	A confident, ambitious and successful Northampton
2010-11/ GF23	Refurbishment of Parks	✓	✓		
2010-11/ GF24	Fire risk assessments priority properties				
2010-11/ GF25	Disabled Facilities Grants - private sector	✓	✓	✓	✓
2010-11/ GF29	Capitalisation Directive 1			✓	
2010-11/ GF30	Capitalisation Directive 2			✓	
2010-11/ GF33	Centralisation of Pay on Foot Carparking			✓	✓

## 2010-11 Capital Programme Bids and the Council's Corporate Priorities 2010-2013

Appraisal Ref. No.	Project Title	Council Priority 1	Council Priority 2	Council Priority 3	Council Priority 4
		Safer, greener and cleaner communities	Improved housing, health and the wellbeing	An efficient well managed organisation that puts our customers at the heart of what we do	A confident, ambitious and successful Northampton
<b>Housing Revenue Account (HRA)</b>					
2010-11/ HRA01	Digital aerial upgrade			✓	
2010-11/ HRA02	Estate regeneration	✓	✓	✓	✓
2010-11/ HRA03	Kitchen replacement		✓	✓	
2010-11/ HRA04	Planned heating replacement	✓	✓	✓	
2010-11/ HRA05	Re-roofing	✓	✓	✓	
2010-11/ HRA06	Windows and doors replacements	✓	✓	✓	
2010-11/ HRA08	Fire safety in communal areas	✓		✓	
2010-11/ HRA09	Disabled adaptations - Council stock	✓	✓	✓	✓
2010-11/ HRA10	PFI Initiative	✓	✓	✓	✓

## 2010-11 Capital Programme Bids and the Council's Corporate Priorities 2010-2013

Council Priority 5
Strong partnerships and engaged community
✓
✓

## 2010-11 Capital Programme Bids and the Council's Corporate Priorities 2010-2013

Council Priority 5
Strong partnerships and engaged community
✓



## Annex E

The table below outlines key details of the nature and purpose of the new bids for capital schemes starting in 2010-11.

<b>Scheme Reference &amp; Description</b>	<b>Scheme Narrative</b>	<b>2010-11 £K</b>	<b>Future Years £K</b>	<b>Funding Source</b>
<b>General Fund</b>				
2010-11/GF3 Danes Camp Roof Renewal	Proposed capital works in 2010-11 are for the roof replacement at Danes Camp Leisure Centre including provision of fall arrest system.	305		Unsupported Borrowing
2010-11/GF6 St Crispin - Changing Rooms, Toilets, Car Parks	St Crispin Park will be transferred to NBC ownership under the terms of a s106 agreement. The s106 agreement provides for the construction of changing rooms, toilets and car parking within St Crispin park. Work cannot commence until the land is transferred to the council, which is expected in early 2010-11.	293		Section 106
2010-11/GF7 St Crispin Park Football pitches and, Play Provision	St Crispin Park will be transferred to NBC ownership under the terms of a s106 agreement. The s106 agreement provides for football pitches and play provision. A consultation exercise will be undertaken with the local community to help determine, for example the exact play equipment to be installed. The community is a relatively new one and the park will provide much needed recreational opportunities.	137	28	Section 106



**General Fund continued**

2010-11/GF8 Northampton Townscape Heritage Initiative	This project will undertake Historic shop front renewal, building improvements and renovate vacant floor space above the retail units in Gold Street and the entrance to the Market Square. The overall objective of the scheme is to create a sense of place and a Northampton identity based on the collective historic character of the town. The project will undertake essential works to buildings in need of improvements to ensure the building can be used to its full potential. The project will also aim to bring back character to individual buildings, which has been lost through unsympathetic modifications and bland corporate shop frontages.	75	1,973	210k Unsupported Borrowing 1,838k Grant & Third party Contributions
2010-11/GF11 Public Realm for Abington Street and Market Square	The project is to develop a public realm for Abington Street and the Market Square. The work will create opportunities to implement the vision within the PRIF to create a network of well-designed public space where the streets, alleys, squares and green spaces will provide a sequence of public spaces that will accommodate a rich variety of activity making, walking and cycling through the town. The capital work will include resurfacing Abington Street and the Market along with new lighting and street furniture.		6,000	Grant & Third Party Contributions

<b>General Fund continued</b>				
2010-11/GF15 Water Management Works	Capital budget is required to meet costs of improvement and renewal works arising under direct liabilities that NBC has for these water management related issues.	100		Unsupported Borrowing
2010-11/GF16 Improvements to Car Parks	Capital works to car parks in 2010-11 comprises enhancement works to maintain structural integrity of St Johns Multi-storey car park.	120		Unsupported Borrowing
2010-11/GF17 Cemeteries Refurbishment Works	Capital works to cemeteries in 2010-11 comprise refurbishment and improvement of two cemetery chapels namely Kingsthorpe and Towcester Road cemetery chapels.	36		Unsupported Borrowing
2010-11/GF18 Works to Churchyards (Footpaths and Boundary Walls)	NBC has legal responsibilities for the footpaths and boundary walls in some local churchyards. Renewal of sections of the boundary wall and railings is required at St Giles Churchyard as per recommendations of stock condition survey and further building surveyor inspection.	100		Unsupported Borrowing

General Fund continued				
2010-11/GF19 Corporate Properties - DDA Issues	A programme of updated disability access audits was undertaken in 2008 to corporate property, resulting in some recommendations for physical changes to property. A number of properties require works to address identified access problems.	50		Unsupported Borrowing
2010-11/GF21 Unexpected in Year Failures	Provision is made for failure of building elements and services 'in year' e.g. boiler plant or air conditioning failure. The renewal of such equipment on an 'as and when' basis is to be met from this defined capital budget.	100		Unsupported Borrowing
2010-11/GF23 Refurbishment of Parks	Improvements to changing room facilities at Dallington Park and Kingsthorpe Park to include re-roofing and window replacement as recommended in stock condition reports undertaken in 2007 and 2009.	135		Unsupported Borrowing
2010-11/GF24 Fire Risk Assessment Works	This project is to implement the recommendations of the fire risk assessment reports in order to meet our statutory obligations. Properties have been identified as operational buildings with high employee/public attendance, leased properties with communal access/egress areas and properties, which are community centres with low level employee/public attendance and operational buildings.	912		Unsupported Borrowing £412k Revenue Contribution £500k

General Fund Continued				
2010-11/GF25 Disabled Facilities Grants - Private Sector	To deliver disabled facilities grants (DFG's) for customers in Northampton. The disabled facilities grant is a statutory function and the delivery of this grant and work is supported by Northamptonshire County Council, the PCT and voluntary groups who support the rights of people who wish to receive disabled facilities grant work. The nature of the work is specific to each customers needs, examples include ramps, stair lifts, extensions and walk in showers.	1,522	4,044	Grant £1,266k Unsupported Borrowing £4,300k
2010-11/GF29 Capitalisation Directive 1	Capitalisation of relevant revenue costs in relation to single status. This will be dependent on CLG approving the award of a capitalisation directive for this purpose.	500		Unsupported Borrowing
2010-11/GF30 Capitalisation Directive 2	Capitalisation of relevant revenue costs in relation to severance costs incurred to deliver ongoing budget savings. This will be dependent on CLG approving the award of a capitalisation directive for this purpose.	300		Unsupported Borrowing
2010-11/GF33 Centralisation of Pay on Foot Carparking	The purchase of IT equipment & infrastructure to provide a more efficient customer focused service. Providing Revenue savings.	55		Unsupported Borrowing

HRA				
2010-11/HRA1 Digital Aerial Upgrade	The Council's current digital aerial provision was supplied in 2003; the cable providers in the town who supplied television to council flats announced their intention to withdraw the service. Until 2011 digital go live, Northampton is on the edge of the distribution areas of two transmitters, with consequent poor service. It is anticipated that even when transmission is fully powered up that the council will need to install some additional or replacement new equipment.	400	200	Ear marked Reserve Unsupported Borrowing
2010-11/HRA2 Estate Regeneration	Project to carry out works to regenerate some Council owned housing estates to ensure that these areas meet the resident's needs in respect of the local built environment. It will allow us to work with partners to deal with spaces and amenities owned by HRA and concern issues such as antisocial behaviour, vandalism, and other more general issues such as parking, pavement crossings, lighting, play areas, green spaces and traffic control so that open areas are useful and what the residents need and want and can be maintained in a cost effective manner going forward.	180	960	Ear marked Reserve Unsupported Borrowing

HRA Continued				
2010-11/HRA3 Kitchen Replacement	The four year Decent Homes Programme does not cover all homes at the moment and there are a number of homes outside the Decent Homes programme which will require kitchen replacement in 2010 onwards due to their current condition. There are also kitchens scheduled for decent homes work but where the kitchen is seriously dilapidated and requires work before its planned decent homes date. There are a number of kitchens, which are failing due to layout and safety issues, which impacts upon fitness and the Housing Health and Safety Rating System (HHSRS).	500	1,000	Supported & Unsupported Borrowing
2010-11/HRA4 Planned Heating Replacement	The four year Decent Homes programme does not cover all homes at the moment and there are a number of homes outside the Decent Homes programme which will require elemental replacement heating in 2010 onwards if the Council is to impact on all suffering from excessive cold (Housing Health and Safety Rating System (HHSRS) Cat 1) and low Standard Assessment Procedure (SAP) ratings.	100	200	Ear marked Reserve Unsupported Borrowing
2010-11/HRA5 Re-roofing	A project to carry out replacement and capital repairs to traditional pitched tiled or slated properties to address single element decent homes failures. Also to deal with flat roof dilapidations, as there is evidence to suggest that flat, asphalt type roofs are failing to blocks of flats and require to be replaced.	300	200	Ear marked Reserve Unsupported Borrowing

HRA Continued				
2010-11/HRA6 Window & Doors Replacement	Despite a five-year window and door replacement programme having been completed in 2007, there are a small number of properties, which do not have complete PVCU double-glazing and replacement front doors. A small budget is required to allow properties found to be deficient in this amenity, and being outside the decent homes programme, to be brought up to standard.	20	80	Ear marked Reserve Unsupported Borrowing
2010-11/HRA8 Fire Safety in Communal Areas	The Council has a statutory obligation to carry out fire safety inspections to communal areas. These inspections are about to commence and they will identify works that will need to be carried out. Examples of work will be fitting fire doors, replacing damaged fire doors and upgrading fire prevention where identified necessary. No budget currently exists for this.	100	120	Ear marked Reserve Unsupported Borrowing
2010-11/HRA9 Disabled Adaptations - Council Stock	The Chronically Sick & Disabled Persons Act 1970 states that LA's must have regard to the needs of the disabled tenant by the provision of adaptations. The nature of the work is specific to each customers needs but examples include ramps, stair lifts, extensions and walk in showers.	650	2,000	£130kEar marked Reserve. £520k Capital Receipts
2010-11/HRA10 PFI Initiative	The regeneration & renewal of 2 estates in the east of the borough.	300	5,344	Ear marked Reserve Unsupported Borrowing





# Initial Screening – Capital Strategy 2010-13

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## Equality Impact Assessment – screening.

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**Name of Strategy/Policy** Capital Strategy 2010-13

**Date of Assessment:** 9 February 2010

**Is this a new or updated Policy?** New ☐ Updated ☒

**How is the Strategy/Policy finalised/adopted:** Cabinet/Board ☒

Delegated ☐

**Lead Officer conducting the assessment:** Rebecca Smith **Job Title:**

Assistant Head of Finance

**Service area:** Finance and Assets **Contact details:** 01604 838046

**Others involved in the assessment (this could include service users, front line officers, people with specialist knowledge or interest):**

Dawn Perryman

**Identify what the activity is trying to achieve – why is the Policy/activity<sup>1</sup> required (is there a statutory duty, how was the issue identified, who was the originator of the activity, etc).**

Best practice production of an annual capital strategy covering the medium term. Sets out the framework and procedures for building and prioritising the capital programme as well as the funding strategy in the local, national, and organisational context.

**Purpose of the Policy/activity. (What does the activity entail? Consider how the activity relates to the council's equality and diversity duties and strategic priorities, etc).**

Sets out the framework and procedures for building and prioritising the capital programme as well as the funding strategy in the local, national, and organisational context.

**Identify the main beneficiaries or people affected by the issue (who benefits or is affected - local residents and users of area, community at large, visitors to the town, contractors working in the area, people delivering the service etc).**

Main beneficiaries are the people of Northampton who will have a structured and objective framework for the setting of a capital programme that is in line with the council's priorities, which they have been consulted on.

**What information exists already?**

The 2009/10-2011/12 Capital Strategy, EHRIC paper The Public Authority Equalities Duty and Financial Decisions

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<sup>1</sup> Policy/activity in this context includes policies, services, strategies, functions, projects, plans, restructures, major events, etc

***Has any consultation been undertaken on this or related issue?***

The Strategy was consulted on through focus groups during January and February 2010

***Are any reports or other relevant documents available from our organisation or from partners or other sources?***

Council 26 February 2009, Capital Programme 2009-2012

***Which parts of the activity have the potential for adverse impact or to discriminate unlawfully? (Factors or issues that could contribute to inequality, consider risks and opportunities).***

No elements of the strategy itself have potential for adverse impact. Individual schemes could present risks, and therefore capital schemes are individually subject to Equalities Impact Assessments

***Could a particular sector of the community be disadvantaged by the strategy/policy.***

Yes ☐ No ☒ (give details of any evidence you may have)

**If yes**, proceed to undertake a full [Equality Impact Assessment](#) (EIA)

**If no**, then have this confirmed by the Corporate Equalities Steering Group representative for your area and signed off by your Service Head / Corporate Director/ Board. In the event of any queries, check with a member of the Policy team.

**Action points (please make this SMART-state what/who/how/when) to be completed even when not proceeding to a full assesment**

Ensure all projects have a named EIA contact	Dawn Perryman	22 Feb 2010
Include link to EHIC paper in Cabinet report	Rebecca Smith	9 Feb 2010
Review Equalities for 2011-12 Update of the Capital Strategy	Paul Hymers	30 Nov 2010

**I agree that this policy/activity should not proceed to a full Impact Assessment** (If appropriate, date equality impact assessment will commence)

**Confirmed by:**

**Signed by:**

**Please attach a copy of this screening to the document it relates** ✓

**Copy to be sent to Policy Team Leader at [policy@northampton.gov.uk](mailto:policy@northampton.gov.uk)** ✓

Appendices

10



**NORTHAMPTON**  
BOROUGH COUNCIL

Item No.

8

## CABINET REPORT

<b>Report Title</b>	<b>COUNCIL WIDE GENERAL FUND REVENUE BUDGET 2010/11 – 2012/13</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	24 February 2010
<b>Key Decision:</b>	YES
<b>Listed on Forward Plan:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	NO
<b>Directorate:</b>	Finance and Support
<b>Accountable Cabinet Member:</b>	David Perkins
<b>Ward(s)</b>	N/A

### 1. Purpose

- 1.1 To report the outcome of the consultation process on the 2010/11 General Fund budget and the final formula grant settlement for 2010/11.
- 1.2 To agree the Cabinet's proposals for recommendation to Council on 25 February 2010 for the 2010/11 to 2012/13 General Fund budgets, Council Tax level for 2010/11 and indicative levels for 2011/12 – 2012/13.

### 2. Recommendations

- 2.1 That the feedback from consultation with the public, organisations and the Overview and Scrutiny Committees, be considered and welcomed (detailed at Annex 1 and in the Corporate Plan 2010-2013 report elsewhere on this agenda).
- 2.2 That the Council's representations on the provisional formula grant settlement be noted (Annex 2).
- 2.3 That the projected 2009/10 outturn position of £283k under spend (as at the end of December 2009) be noted.

- 2.4 That the issues identified through Equalities Impact Screening and Assessments be noted (Annex 6).
- 2.5 That the changes to the proposed budget (detailed at Annex 3), in light of the consultation responses, equalities issues and the final formula grant settlement, be agreed.
- 2.6 That the Cabinet acknowledges the issues and risks detailed in the Section 151 Officer's statement on the robustness of estimates and the adequacy of the reserves (Annex 8).
- 2.7 That the draft Fees and Charges set out in Annex 10 be noted.
- 2.8 That Cabinet agree that the additional £124k LABGI awarded in 2009/10, together with any remaining unallocated LABGI funding in the Corporate Initiatives Reserve at the end of 2009/10 and any new allocation for 2010/11 be set aside in an earmarked reserve for Regeneration and Development for one off purposes.
- 2.9 That Council be recommended to delegate authority to the Chief Executive and Director of Finance and Support to implement all budget options and restructurings.
- 2.10 That authority be delegated to the Director of Finance and Support in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder to:
- transfer monies from earmarked reserves should that become necessary during the financial year.
  - to update the budget tables and annexes, prior to Council should any further changes be necessary.
  - to update prudential indicators in both the Prudential Indicators report and Treasury Strategy report, prior to Council for any budget changes that impact on these.
- 2.11 That a General Fund budget for 2010/11 of £32.96m (excluding parishes), be recommended to the Council (detailed in Annex 4) for its own purposes.
- 2.12 That the Council be recommended to confirm the reserves strategy of protecting balances wherever possible to allow the option of supporting future years' budgets, aiming for a minimum level of unallocated general fund reserves of £2.195m at the end of 2010/11 having regard to the outcome of the financial risk assessment and remaining at this level over the medium term.
- 2.13 That the Council be recommended to increase the Council Tax by 2.47% for 2010/11 for its own purposes, thus excluding county, police, and parish precepts.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 The Cabinet is proposing a budget for 2010/11 that takes into account the Council's corporate priorities and objectives to prioritise the resources available for front line services.
- 3.1.2 It does this by
- a) Proposing a council tax increase of 2.47%.
  - b) Proposing significant efficiency savings.
  - c) Examining all possible efficiency savings and other ways of reducing expenditure or increasing income without affecting service levels.
  - d) Reflecting the views emerging from the public consultation.
- 3.1.3 Strategic Business Reviews will continue into 2010/11 with a view to changing the business model of the Council and making services more efficient and improving the value for money they provide. This will help to address the level of any gap in future years.

#### **Draft Budget Position – Cabinet 16 December 2009**

- 3.1.4 The Cabinet met on 16 December 2009 and recommended proposals for consultation. The headlines were:
- a) A proposed council tax increase, for the Council's own purposes, of 2.47% for 2010/11, and that indicative annual increases of 2.47% be adopted as planning parameters for the financial years 2011/12 to 2012/13;
  - b) A General Fund budget for 2010/11 of £34.76m (including parishes).
- 3.1.5 Efficiency savings of £4.4m had been built into the continuation budget and budget options of £0.826m had been proposed for consultation to reduce the gap. A small amount of investment totalling £0.016m was also proposed.

#### **Draft Budget Position – Cabinet 24 February 2010**

- 3.1.6 Since the draft budget was proposed to Cabinet on 16 December 2009 the position has changed as follows (see annex 3 for full details):

**Table 1 – Changes since 16 December 2009 Cabinet**

	£m
Efficiency Savings	0.280
Medium Term Planning Options	(0.044)
Investment Options	0.000
Other Changes	(0.236)
	<b>0.000</b>

- 3.1.7 Further options and adjustments, totalling +/-£2,000, are included at annex 3 for consideration by Cabinet.

- 3.1.8 The table below illustrates the medium term planning options now being proposed for 2010/11.

**Table 2 – Medium Term Planning Options**

	<b>£m</b>
Efficiency Options	(4.119)
Medium Term Planning Options	(0.228)
Income Adjustments	(0.642)
Key Growth Items	0.016
	<b>(4.973)</b>

## **3.2 Issues**

### **Consultation Feedback**

- 3.2.1 Extensive consultation has been undertaken with the public, business community, and other stakeholders during January 2010.
- 3.2.2 The consultation included the proposed Corporate Plan and Capital Programme 2010-13 as well as the general fund revenue budget proposals.
- 3.2.3 A number of methods were used to capture views, which included:
- a) Focus group workshops.
  - b) Public Meetings
  - c) Neighbourhood Partnership and Neighbourhood Management meetings
  - d) Circulation of a budget proposal brochure with questionnaire, which was also available on line with links to the detailed supporting documents.
  - e) Consultation with the business community
- 3.2.4 The detailed brochure was made available both through copies being made available at public locations such as community centres, post offices, libraries, and supermarkets. It was also available on line via the council's web site.
- 3.2.5 Public meetings were widely advertised in various media including press, radio, posters, etc.
- 3.2.6 Full details of the public consultation and results can be found in the Corporate Plan 2010-13 report elsewhere on this agenda. There was a significant increase in the number of responses compared to the previous year, with 436 responses being received.
- 3.2.7 The public agreed that grants to voluntary organisations should be maintained at their current level, no increases should be made to the hours of the Concessionary Bus Fare Scheme and that car-parking prices should not be increased for the daily shopper. (Note that the Council can only make decisions on parking prices relating to its own car parks).
- 3.2.8 The public were evenly split on the question of who provides services to them.

- 3.2.9 There was strong support for pursuing the green agenda in the budget feedback. However, in the corporate plan priorities, support for the green agenda was not strong in comparison with other priorities.
- 3.2.10 The consultation responses clearly show that the respondents who use NBC's chargeable services think that the services provided by the council generally give good value for money and also that they recognise that it is necessary to put prices up from time to time.
- 3.2.11 In addition, Overview and Scrutiny reviewed the budget proposals at their meetings in January and February 2010. The recommendations of the Overview and Scrutiny Committees are reported in appendix 1.
- 3.2.12 The Council must set a prudent, balanced budget, particularly in light of the current economic environment and the constraints imposed on them through the government funding regime.
- 3.2.13 The Cabinet has considered the budget proposals, taking into account the financial position, in the light of the results of the public consultation, Overview and Scrutiny comments and other discussions and representations from key partners, and has made a number of changes that reflect the views expressed in the consultation.
- 3.2.14 The following changes to the 2010/11 budget (among others) are therefore proposed in response to the comments received:
- a) The level of savings target on community centres (EFFY23) has been reduced from £170k to £90k.
  - b) The savings target for realignment of CCTV (MTPS22 & 4) has been reduced from £43k to £22k.

### **Adjustments**

- 3.2.15 Further work on the budget has been undertaken to refine the budget since 16 December 2009. This has resulted in a number of new options and adjustments including those of a technical nature. A schedule of all changes since the 16 December Cabinet proposals can be found at Annex 3.

### **Use of Balances**

- 3.2.16 A prudent level of reserves, along with appropriate application of reserves, should be part of the overall budget. The Section 151 Officer reviews the level of balances required to support the general fund spend annually as part of a robust risk assessment. This risk assessment suggests that the minimum level of balances, taking all known risks into account along with the Council's gross expenditure requirement, should be in the order of £3m for 2010/11.
- 3.2.17 This is a significant change since the last review, which is a reflection of key areas especially:
- Tighter requirements to plan to mitigate counterparty risk in investment, in line with new CIPFA and Government Guidance.
  - General increased risk levels due to the unstable political and financial climate nationally.

- 3.2.18 In determining the potential use of the reserves, the three year financial strategy takes into account previous years' spending trends, in particular the projected general fund 2009/10 outturn.
- 3.2.19 The Chief Finance Officer recommends that a minimum prudent level of reserves be set at £2.195m for 2010/11 (target for 31 March 2011) and increased over time to £3m. This will be reviewed at least annually. This minimum level is designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year.
- 3.2.20 Note that this does not represent a medium-long term safe level of reserves. The level can only accommodate the impact of significant events up to the level set, and would need to be replenished if one or more such events actually occur.
- 3.2.21 In the current financial climate it is not possible to move directly from £2m to £3m. It is therefore recommended that the authority moves to this level of reserves over the next three to five years, beginning by contributing £0.1m to reserves in 2010/11.
- 3.2.22 The revenue budget monitoring to the end of December 2009 shows an overall under spend of £0.283m. The 2010/11 budget assumes no use of general reserves in 2010/11. The expected movement on the General Fund Reserve is summarised in the table below.

**Table 3: Forecast of General Fund Reserves as at the end of January 2009**

		£,000
	<b>General Fund Balance as at 01.04.2009</b>	<b>1,995</b>
<i>Plus:</i>	Budgeted contribution to reserves	100
<i>Less:</i>	Budgeted Use of Reserves	0
	<b>Total estimated General Fund balance at 31.03.2010</b>	<b>2,095</b>
<i>Plus:</i>	Planned Contribution to Reserves	100
	<b>Total estimated General Fund balance at 31.03.2011</b>	<b>2,195</b>
<i>Plus:</i>	Planned Contribution to Reserves	100
	<b>Total estimated General Fund balance at 31.03.2012</b>	<b>2,295</b>
<i>Plus:</i>	Planned Contribution to Reserves	100
	<b>Total estimated General Fund balance at 31.03.2013</b>	<b>2,395</b>

- 3.2.23 The authority plans to bring the level of reserves up to £2.395m by the end of 2012/13 by contributing £100k in each year from 2010/11 to 2012/13.
- 3.2.24 It must be emphasised that the forecast level of reserves by the 31st March each year is purely that, a forecast, and is not therefore guaranteed.

### **Final Formula Grant Settlement**

- 3.2.25 The provisional 2010/11 finance settlement announced in December 2007, and unchanged as at December 2009, was confirmed on 20 January 2010 without any further changes being made. The Councils representation to the government with regard to the settlement is shown at Annex 2.



**Table 4: Formula Grant Settlements 2008/09 to 2010/11**

	<b>2008/09 £m</b>	<b>2009/10 £m</b>	<b>2010/11 £m</b>
Redistributed Business Rates	16.453	15.309	16.535
Revenue Support Grant	2.290	3.533	2.401
<b>Total Formula Grant</b>	<b>18,743</b>	<b>18,842</b>	<b>18,936</b>

### **Council Tax Level and Capping**

- 3.2.26 The Government have again emphasised their intention that council tax increases are kept at a minimum, and reiterated their willingness to use capping powers if necessary.

### **LABGI – Local Authority Business Growth Incentive**

- 3.2.27 The Council was awarded LABGI totalling £124,425 in 2009/10. It is proposed that this is earmarked for Regeneration and Development for one off purposes.
- 3.2.28 If an allocation were received for 2010/11, it would be imprudent to use any of this anticipated money to balance the general fund budget as this is a "one off" sum and is not guaranteed in future years. It is therefore recommended that any allocation that should be received is set aside in earmarked reserves for allocation to appropriate one off expenditure.

### **Revised Proposals**

- 3.2.29 Annex 5 sets out a summary of the revised budgets covering 2010/11 to 2012/13 to be recommended to the Council. The main features are:
- a) A Council Tax increase, for the Council's own purposes, of 2.47% for 2010/11 excluding precepts;
  - b) A General Fund budget for 2010/11 of £34.76m (including parishes).
  - c) Indicative annual Council Tax increases, for the Council's own purposes, of a planning parameter of 2.47% for 2010/11 – 2012/13 excluding precepts.
- 3.2.30 The Council's budget for its own purposes is £32.96m as follows:

	<b>£m</b>
Revenue Budget Requirement including Parishes	34.760
Less Parish Precepts	(0.908)
Collection Fund Deficit	0.171
Other Government Grant	(1.062)
<b>Amount to be Funded by Formula Grant and Council Tax Excluding Parishes</b>	<b>32.961</b>

### **Medium Term Implications**

- 3.2.31 In setting a budget for 2010/11, the Cabinet and the Council must take into account the implications for the following two years financial strategy, namely 2011/12 – 2012/13. There are significant planned efficiency savings in 2010/11 and the following years, which will require action to be taken now if they are to be secured within the planned timescales.

- 3.2.32 Annex 4 sets out the budget projections for 2010/11 to 2012/13 and the key features of the projections including assumptions of the level of Formula Grant and Council Tax funding.
- 3.2.33 The medium term plan assumes that the Council will achieve year on year cashable efficiencies, including 4% in 2010/11, and this has been built into the financial strategy from 2010/11 onwards. Plans will be developed to deliver the required savings as part of the 2010/11 medium term planning process.
- 3.2.34 The financial projections put into sharp relief the need to continue to:
- a) Continue to press the CLG (Department of Communities and Local Government), and other government departments, to recognise the costs of growth and to use realistic population projections for growth areas;
  - b) Continue the search for efficiencies as required by Government; and
  - c) Make sure the council's ambitions are set within the context of the available funding envelope.
- 3.2.35 The medium term budget projections also highlight the need to continue to develop the organisation's future strategy through the Corporate Plan. The key medium term financial issues identified are attached at Annex 7.

### **Robustness of Estimates and Adequacy of Reserves**

- 3.2.36 The Local Government Act 2003 places a duty on the Section 151 Officer (Chief Financial Officer) to comment on 'the robustness of the estimates' included in the budget and the adequacy of the reserves for which the budget provides.
- 3.2.37 The Council has adopted a risk-based approach when assessing the minimum level of reserves. The risk assessment is undertaken annually to ensure that new risks are taken into account as well as re-assessing current risks. Annex 8 details the recommendation for a minimum prudent level of General Fund reserves. A minimum level of £3m should be built up over the medium term.
- 3.2.38 The Audit Committee at its meeting on 11 January reviewed the high level risk assessment and implementation plans for the budget options proposed by the Cabinet at their meetings on 16 December 2009 and 24 February 2010.

### **Fees and Charges**

- 3.2.39 A schedule of draft Fees and Charges for 2010/11 is attached at Annex 10. The Cabinet is recommended to note the fees and charges that have been reflected in the budgeted income figures. These figures have been reviewed through the Medium Term Planning process and updated where feasible.

### **The Next Steps**

- 3.2.40 The timetable for the 2010/11 budget process requires a special meeting of the Council on 25 February 2010, at which consideration will be given to the recommendations of this Cabinet in relation to the expenditure and tax proposals that relate to the Council's own spending.

- 3.2.41 In addition to the Council's own Council Tax, there are separate Council taxes for the county, police, and the parishes. These precepting bodies have not yet all set their Council Taxes, with the result that these will be reported to the Cabinet if known by that date and at Council on 25 February 2010 in any event.

### **3.3 Choices (Options)**

- 3.3.1 It is recommended that Cabinet make the recommendations to Council as detailed in section 2 of this report, taking into account the items detailed for noting.
- 3.3.2 The Cabinet may choose to make amendments to the proposed budgets or to the proposed council tax increase and adjust the budget proposals accordingly, in consultation with the Chief Finance Officer. It would then recommend the amended budget and council tax (if applicable) to Council.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 In carrying out its business, the authority has a number of general and specific duties which must be taken into account through the medium term planning process and on to the setting of the budget. Most duties to which the authority is subject are specific but some are generic to all of its functions, including the setting of the budget.
- 4.1.2 Current such duties include:
- a) the crime and disorder duty - to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area; and
  - b) the race equality duty - in carrying out its functions, to have due regard to the need
    - (i) to eliminate unlawful racial discrimination; and
    - (ii) to promote equality of opportunity and good relations between persons of different racial groups.
  - c) the disability equality duty - in carrying out its functions to have 'due regard' in the exercise of all of the authority's functions to:
    - (i) eliminate unlawful disability discrimination, and
    - (ii) promote disability equality
  - d) the gender equality duty - in carrying out its functions to have 'due regard' in the exercise of all of the authority's functions to
    - (i) eliminate unlawful gender discrimination, and
    - (ii) promote equality of opportunity between men and women.

## **4.2 Resources and Risk**

- 4.2.1 The resource implications are detailed throughout the report and annexes.
- 4.2.2 Annex 8 addresses the robustness of the estimates and adequacy of the Council's reserves with reference to risks identified.
- 4.2.3 A detailed report on risk and the 2010-13 budget was also considered by Audit Committee at its meeting on 11 January 2010, which is a background paper to this report.

## **4.3 Legal**

- 4.3.1 The Council must set a balanced budget by midnight on 11 March 2010 (Local Government Finance Act 1992). Failure to do this would leave the Council potentially vulnerable to court action by way of judicial review on the part of the Audit Commission. Delay in sending out Council Tax demands would result in losses being incurred by the Council.
- 4.3.2 The authority has specific legal duties in relation to equalities and financial decision-making – see 4.4 below.
- 4.3.2 There are no further specific legal issues arising from this report.

## **4.4 Equality**

- 4.4.1 The Equality and Human Rights Commission (EHRC) has published a paper on The Public Sector Equality Duties and Financial Decisions to advise and inform local authorities in light of a number of recent court cases. The legal duties each authority has aims to ensure that “public authorities work to eliminate discrimination and promote equality in their activities”.
- 4.4.2 “Public authorities must ensure that decisions are made in such a way as to minimise unfairness, and do not have a disproportionately negative effect on people from different ethnic groups, disabled people, and men and women.” (EHRC).
- 4.4.3 Equality and Diversity were considered as part of the budget build process, and an equalities assessment/screening was completed as part of each medium term planning option submitted. (See also 4.1.2 above).
- 4.4.4 Members are required to have specific regard to the equalities issues identified when making the decision to approve the budget options. Annex 6 to the report contains a summary of the issues identified as a result of these assessments.
- 4.4.5 Where issues have been identified and the option is approved, the detailed Equalities Impact Assessment will be used to inform the implementation of the budget option.

## **4.5 Consultees (Internal and External)**

- 4.5.1 Internally Heads of Service and Budget Managers have been consulted, and Management Board has carried out a detailed challenge of the budget.
- 4.5.2 The budget has also been consulted on with relevant stakeholders including the public, business community, key partners and NBC Overview and Scrutiny. This was undertaken through the public consultation process that took place during January and February 2010 (see also 3.2.1 to 3.2.14).

## 4.6 How the Proposals deliver Priority Outcomes

4.6.1 All of the discretionary investment proposals in the draft budget have been assessed against the corporate priorities as set out in the Corporate Plan. A copy of this assessment can be found at Annex 9.

## 4.7 Other Implications

The **Annexes** are set out as follows:

- 1 Consultation responses – Overview and Scrutiny Committees
- 2 Representations on the Provisional Settlement
- 3 Changes since 16 December 2009 Cabinet
- 4 Proposed Budget 2010/11 – 2012/13
- 5 Supporting Annexes of proposed budgets by service
- 6 Summary of Issues arising from Equalities Impact Assessments
  - 6a Efficiency Savings
  - 6b MTP Savings
  - 6c Income
  - 6d Investment
- 7 The Key Medium Term Financial Issues
- 8 Robustness of Estimates – Statement of the Section 151 Officer under the requirements of Section 25 of the Local Government Act 2003
- 9 Assessment of Revenue General Fund Budget proposal to Corporate Plan Priorities
- 10 Draft Fees and Charges 2010/11

## 5. Background Papers

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### 5.1 Cabinet Reports:

24 February 2010	Corporate Plan 2010-13
10 February 2010	Budget Monitoring 2009/10 – Position as at the End of December 2009
16 December 2009	Council Wide Revenue Budget Proposal 2010-13
16 December 2009	Council Tax Base 2010/11

### 5.2 Overview and Scrutiny Reports:

- 1 25 January 2010 General Fund Revenue Budget 2010-13
- 2 8 February 2010 General Fund Revenue Budget 2010-13
- 3 1 February 2010 General Fund Revenue Budget 2010-13

5.3 Audit Committee Reports:

11 January 2010

Budget Option Risk Assessment Review

5.4 External documents:

- HM Treasury - 2007 Pre-Budget Report and Comprehensive Spending Review.
- CLG – Local Government Finance Settlement 2010/11
- Equalities and Human Rights Commission – The Public Sector Equality Duties and Financial Decisions

**Isabell Procter, Director, Finance and Support Services, 01604 838757**

**Gavin Chambers, Head of Finance, 01604 837194**

**Rebecca Smith, Assistant Head of Finance, 01604 838046**

**Ann Davies, Finance Manager, 01604 837168**

## **Feedback from Overview and Scrutiny Committees**

### **Overview and Scrutiny 1**

#### **Extract of the Minutes of the Meeting of 25 January 2010**

##### **Item 10      Draft Budget For 2010-11 to 2012-2013**

Gavin Chambers, Head of Finance and Assets, advised that the 2010-2013 draft budget was currently out to consultation. The budget would then be presented back to Cabinet and Council for approval post-consultation. This year, the same process as previously had been adopted for consulting Overview and Scrutiny on the Council's proposed budget. The Reporting and Monitoring Working Group would have been asked to select the issues from the budget proposals for each Overview and Scrutiny Committee but this meeting of the Reporting and Monitoring Task and Finish Group did not take place due to the inclement weather at that time.

Chris Cavanagh, Head of Regeneration, confirmed that Francis Fernandes, Borough Solicitor, had advised the Chair that due to the sensitivity of the issues and an agreed consultation process, it would not be possible for officers to reveal details of budget saving consultation proposals at this stage.

Chris Cavanagh advised that he was currently in discussions with staff regarding the details around the options regarding the restructure of the Regeneration Department. It was reported that it is possible that some of the Committee's questions might relate to individuals, as some posts are only specific to one post etc, in which case such questions could not be answered at this stage.

The Committee queried how comfortable the Council was that the proposed restructure would not impact on the regeneration of the town Chris Cavanagh advised the Committee that that the report had been driven by the Council's overriding need to make savings on its general budget. In terms of Regeneration and Development, a focus on delivery had been adopted in terms of finding options and focus on Council priorities. This had lead to a restructure and focus on delivery of the Council's priority projects and initiatives.

Sue Bridge, Head of Planning, advised that in respect of the Planning Department, there was an intended minor internal structure to strengthen Planning policy, which will pick up some of the policy work done in Regeneration currently. Other proposed changes are in respect of income and operational efficiencies. In response to a query regarding whether the changes would have an impact on planning coming back to the borough, Sue Bridge advised that she had made provision for four additional posts in the establishment, which were not funded this year but were earmarked in reserves, by next year there will be more of a certainty regarding the need for these posts.

Chris Cavanagh suggested that Heads brief Overview and Scrutiny on details of the restructures and savings proposed presenting to a future meeting of

this Committee once the one to one meetings with affected staff have been concluded.

The Committee made comment on two specific proposed options contained in the draft general fund budget 2010-11 to 2012-2013: -

- Savings for community centres of £170,000 may not be realized due to the work of the Community Task and Finish Group
- Concerns were conveyed regarding the proposed savings in the Regeneration and Planning and as to whether this might affect the regeneration of the Town Centre which is a priority for the Town.

The Committee further commented that there does not appear to be much substantiveness behind some of the proposals at this stage. The Committee was disappointed that the Portfolio Holders were not present at this meeting for consideration of this item.

Gavin Chambers advised that should something be taken out as part of the budget consultation process, it would need to be replaced with something else. There is a finite timescale when this process must be completed. The budget papers to Cabinet and Council in February 2010 will show clearly any amendments to the proposals.

The Chair commented on the failure to provide the correct financial information with regard to the proposed savings for Community Centres in the report provided to Committee members.

**AGREED:** (1) That Overview and Scrutiny Committee 1 make the following comments on two specific proposed options contained in the draft general fund budget 2010-11 to 2012-2013: -

- Savings for Community Centres of £170,000 may not be realized due to the work of the Community Task and Finish Group
- Concerns were conveyed regarding the proposed savings in the Regeneration and Planning and as to whether this might affect progress of Central Area Action Plan and delivery of regeneration of Northampton and essential growth.

(2) That details of the proposed savings be presented to a future meeting of this Committee.



## **Overview and Scrutiny 3**

### **Extract of the Minutes of the Meeting of 1 February 2010**

#### **Item 5 DRAFT BUDGET FOR 2010-11 TO 2012-2013**

Isabell Procter, Director of Finance and Support, advised that the 2010-2013 draft budget was currently out to consultation. The budget would then be presented back to Cabinet and Council for approval post-consultation.

The Chair advised that this year, the same process as previously had been adopted for consulting Overview and Scrutiny on the Council's proposed budget. The Reporting and Monitoring Working Group would have been asked to select the issues from the budget proposals for each Overview and Scrutiny Committee but the meeting of the Reporting and Monitoring Task and Finish Group did not take place due to the inclement weather at that time.

The Committee asked questions, heard and made comment: -

- The budget process was started in May/June 2009 by producing the continuation budget, which is the current year budget restated at future years price base.
- There has been a significant increase in subsidy due to the significant increase in benefits claims.
- All Directorates were tasked with efficiency savings, i.e. same service for less money, looking at options to help bridge the gap along with service reductions.
- A draft report on the budget was presented to Cabinet in December 2009. This report is currently out to public consultation on the proposed options. The final public consultation meeting is on 4 February 2010. Comments and feedback will then be gathered and presented to Cabinet at its meeting on 24 February 2010 to seek its views on whether any of the proposals should be changed, the budget will then be presented to full Council for approval.
- A risk assessment on the proposal options for the budget has been completed and received by the Audit Committee.
- The budget options are being investigated to ascertain whether there is the need for equality impact assessments.
- The Committee suggested that it should be suggested to Overview and Scrutiny Committee 2 (Housing and Environment) that it looks at the budget options EFFY97 delivery of phase 1 and EFFY98 phase 2 of delivery plan at its meeting on 8<sup>th</sup> February 2010. Both budget options contain substantial amounts of proposed savings. Isabell Procter confirmed that these issues had been highlighted for Overview and Scrutiny Committee 2 to discuss in depth with the relevant Director at its next meeting.
- In response to a query regarding budget proposal EEFY101 – Savings in facilities staff based on moving out of Cliftonville by 30<sup>th</sup> May 2010, Isabell Procter advised that the review was going very well. A report was expected from a company who had reviewed and surveyed both

the Guildhall and Westbridge, investigating how space could be configured to fit in staff. The report will comment on whether it is realistic. It was noted that the location of ICT and the server room had been an issue but a very encouraging report had been received on what could be done and how ICT and the Server Room could be relocated. Timescales will not be met by end of May 2010, as issues such as datalines can take around five months to put into place.

- In answer to a query how the Council sourced its providers for utilities, Isabell Procter confirmed that two methods were applied – use framework contracts that have been in place for some time, then the contract would go out to tender or spot testing – the Council buys a certain amount of, for example electricity, at the current price. An advisor assists on this process. The Council is leading on this process, on behalf of five other districts, through the joint procurement process.
- The Committee queried the proposed budget option EFFY82 - Target to reduce agency spend by an additional 1%. Isabell Procter advised that the Council acquires most of its Agency staff through Comensura. The workforce is being looking more closely so that the requirement for Agency Staff can be managed down. The Head of Human Resources manages the employment of Agency Staff. Ways of making savings include shortening the time from when the employee hands in notice to recruiting to that post.
- It was noted that budget proposal EEFY1 related to the deletion of a vacant post in the Head of Performance and Improvement Team. This post had been vacant for over a year. EEFY112 is in relation to restructuring in the policy area, again in the Performance and Improvement Team. The proposal is the reduction of one member of staff. The introduction of Performance Plus has meant that the same level of service can be delivered by the system producing the information.
- Regarding budget proposal EFFY83 Increase debt recovery rates, the Committee heard that this was an efficiency saving and that debt collection had improved. New processes have been put in place.

**AGREED:** That the Chair writes to the Chair of Overview and Scrutiny Committee 2 (Housing and Environment) advising that this Committee supports the Officer's recommendation that Overview and Scrutiny Committee 2 discusses in depth with the relevant Director, the budget proposals - EFFY97 delivery of phase 1 and EFFY98 phase 2 of delivery plan at its next meeting on 8<sup>th</sup> February 2010.

## **Overview and Scrutiny 2**

### **Extract of the Minutes of the Meeting of 8 February 2010**

#### **9 DRAFT BUDGET FOR 2010-11 TO 2012-2013**

Phil Morrison, Finance Manager, advised that the 2010-2013 draft budget was currently out to consultation following the Cabinet meeting of 16 December 2009. The budget would then be presented back to Cabinet and Council for approval post-consultation. He added that this year, the same process as previously had been adopted for consulting Overview and Scrutiny on the Council's proposed budget. The Reporting and Monitoring Working Group would have been asked to select the issues from the budget proposals for each Overview and Scrutiny Committee but the meeting of the Reporting and Monitoring Task and Finish Group did not take place due to the inclement weather at that time. The Committee was invited to consider the proposals and make comment. Any comments made would be annexed to the report to Cabinet at its meeting on 24 February 2010.

The Committee asked questions, heard and made comment: -

In respect of budget proposal - EFF87 – Reduction of Agency budget for cemeteries, Julie Seddon, Director of Environment and Culture, advised that Neighbourhood and Environment Services use Agency Staff. By improving the management of staff, the use of Agency Staff can be reduced, for example multi skilling of staff.

Regarding budget proposal - MTPS41 – removal of grants to BTCV trust, a query was raised about what consideration goes into the removal of grants and whether the Council works with other Agencies and investigates the effect of removal of grants on voluntary bodies. Julie Seddon confirmed that this had been looked at; it is an anomaly, as the service area could carry out the work itself cheaper. If the BTCV still wants to commission work through the Council it should apply through the corporate process, therefore this opportunity is still available to it. BTCV allows voluntary groups to put in applications for funding. BTCV bring in a lot of funding to the town. It was confirmed that it could not be guaranteed that the work would be carried out to the same standard. £19,000 equates to approximately one FTE. Julie Seddon confirmed that she would verify whether the proposal included Choices working on Abington Park.

Regarding budget proposal EFFY19 – Adjustment to budget of clean up of unauthorised Traveller encampments, the Committee queried whether this saving could be sustained considering the fact that illegal encampments are at an all time low and are likely to increase in the future.

In respect of the budget proposal MTPS22 & 4 - Realignment of CCTV sources to focus on crime hotspots, the Committee was concerned that if the CCTV cameras were removed, once removed the area would probably become a crime hotspot again. Julie Seddon advised that it had been endeavoured to remove cameras that had not created a significant impact. The Committee requested a full briefing on the impact of the realignment of the CCTV cameras. This issue has caused a lot of queries to Councillors and it was suggested that a briefing be given to the next meeting of this Committee.

Regarding budget proposal EFFY6 - Removal of bulky waste collection vehicle and use of existing fleet to collect bulky waste, Julie Seddon confirmed that this was due to the removal of the cost of a replacement vehicle and was to no detriment to the service.

Regarding budget proposal EFFY115 – Restructuring of museums, Julie Seddon confirmed that management costs were being investigated. Two posts would be merged. All posts have been challenged which has enabled the proposed restructure.

The Committee heard that at the last meeting of Overview and Scrutiny Committee 3, Councillors had discussed the proposed budget options for 2010-2011 to 2012-2013. The Committee referred to the budget options EFFY97 and EFFY98 and felt that these were important, relevant issues for Overview and Scrutiny Committee 2 to debate at its next meeting. In response to a query, Julie Seddon advised that Project Produce should go live in 2011. It was being endeavoured that it would be ensured that the market testing and PFI projects link so that negotiations are staying in line. The worst-case scenario was 15,000 miles per year at £10 per hour, however, this is indicative at this time. Julie Seddon advised that in the Spring 2009, it had been requested that a value for money partner be appointed to look at this service area to identify areas where there was potential for improvement and savings. The savings plans are about looking at the way Agency staff is employed, shifts worked, overtime patterns, maintenance schedules, vehicles and machinery – maintenance, purchase and lease, income from recycling and the potential to work on an area basis. It is considering every aspect of the Directorate to ensure it can be as efficient as possible. It has enabled plans to be put in place to reduce costs, also ensuring that the service is at the best possible standard before it can be market tested. Anticipated savings are around £1million each year over the next three years. In response to a query, Julie Seddon advised that they are genuine savings, proposals have been well challenged by finance, and the proposed savings are robust. This is not one big contract, it is made up of a number of elements, and therefore there are risks.

The Committee commented, asked questions and heard: -

- It is impossible for the Committee to scrutinize EFFY97 AND EFFY98 at this point due to the proposed savings being a figure without any further details
- The target is radical, but equal weighting has been applied to the level of service provided.
- Councillors David Garlick and Christopher Malpas, together with the relevant Officer, would go through budget proposals EFFY97 and EFFY98 these line by line and report back to the Committee.

**AGREED:** (1) That Councillors David Garlick and Christopher Malpas would go through budget proposals EFFY97 and EFFY98 these line by line and report back to the Committee.

- (2) That a full briefing on the impact of the realignment of the CCTV cameras be given to the next meeting of this Committee.
- (3) That it be confirmed to the Committee whether budget proposal MTPS41 included Choices at Abington Park.
- (4) That Overview and Scrutiny Committee 2 (Housing and Environment) makes the following comments on the following two specific proposed options contained in the draft general fund budget 2010-11 to 2012-2013: -

“it be confirmed whether budget option - EFFY19 – Adjustment to budget of clean up of unauthorised Traveller encampments, could be sustained.”

“It is impossible for the Committee to scrutinize EFFY97 AND EFFY98 at this point due to the proposed savings being a figure without any further details. Councillors David Garlick and Christopher Malpas, together with the relevant Officer, would go through budget proposals EFFY97 and EFFY98 these line by line and report back to the Committee.”

## **Response of Northampton Borough Council on the Provisional Local Government Settlement 2010/11**

### ***Introduction***

Northampton Borough Council welcomes the certainty provided by the provisional three-year settlement for 2010/11 originally announced in December 2007 and unchanged as at December 2009.

The borough is the largest non-metropolitan district in England, and is growing rapidly due to its successful response to the Government's growth agenda.

In terms of the draft settlement, the authority does have significant concerns in a number of areas relating to the draft settlement in particular the way in which it has impacted on non-metropolitan districts and growth authorities.

In summary our concerns relate to:

- The total amount of funding allocated to districts each year and the corresponding levels of the grant floor.
- The population projections used in the formula calculations each year.
- The fixed costs calculations.

### **Funding Allocations and Grant Floors**

The funding allocation for districts is exceptionally low, and this is reflected in the grant floor levels. This authority receives an increase just 0.5% at the floor.

The borough council recognises the importance of making efficiency savings, however had anticipated that these would be available to ease pressure on the council tax increase, and not to compensate for exceptionally low formula grant levels.

The low levels of grant increase and floors for the majority of district authorities are such that the impact will, of necessity, fall on the council tax increase and service cuts for the majority of district authorities.

It must be recognised that district authorities deliver a number of the services that are essential for delivering sustainable growth and recovery from the recession, such as economic development. However, the low priority that the settlement seems to give to EPCS services like this appear to contradict the Government's declared commitment to delivering sustainable housing (and related population) growth and economic recovery.

It is essential that the Government revisits the allocation of funding given to district authorities for 2010/11 and ensures that appropriate levels of funding are made available.

### ***Population Projections***

Northampton Borough Council is a 'growth authority' and has responded well to the Government's targets for housing development and is already incurring the population growth that this has generated. We therefore have serious concerns over the population data and forecasts that have been used in the draft settlement.

A figures of 197,999 have been used in the draft settlement. This compares to ONS revised mid year population figures for 2008 of 205,200 published by the ONS in August 2009.

In terms of the draft settlement this relates to about 7,000 people who are not recognised in the relative needs formula for 2010/11.

This could make a material difference to the amount of grant the authority is awarded, which in turn could impact positively on the service cuts and level of council tax increase the council is facing. We therefore believe that it is important that the population forecasts used in the settlement be revised to reflect the ONS' own data.

### ***Taxbase Projections***

The population issue is compounded by the fact that there is a mismatch between the calculation of the projected taxbase and that of the projected population.

The discrepancy in the rates of increase of these key drivers to the formula grant shows a lack of consistency. The effect is to penalise growing authorities unfairly as their population growth is not appropriately recognised in parts of the formula based on population but they are penalised for it in other parts of the formula that are based on taxbase.

**Changes Since Draft Budget 2010/11 approved for Consultation 16th December 2009**

	2010/2011 £000's
<b>Initial Budget Requirement 16th December 2009</b>	<b>39,061</b>
Plus:	
Parish Precepts	908
Medium Term Planning Options	(810)
Efficiency Options	(4,399)
Non Ring Fenced Grant	(1,062)
<b>Sub Total</b>	<b>33,698</b>
Council Tax Income	(14,762)
Formula Grant	(18,936)
<b>Budget Gap at 16th December 2009</b>	<b>0</b>

**Budget Adjustments**

	Original Proposal Value £000's	Revised Proposal Value £000's	Variance £000's
Reduction to Procurement efficiency in 2010/11 only (EFFY91)	(19)	(17)	2
Reduction in the value of the saving relating to paying by BACS (EFFY104)	(43)	(3)	40
Remove MTP option relating to restructure of Public Protection (MTPS59)	(62)	0	62
Reduction in efficiency saving relating to facilities staff at Cliftonville House (EFFY101) due to change in proposed building closure date.	(82)	(29)	53
Additional NNDR relief for empty properties due to changes in the property value threshold and additional savings relating to revaluation of the Car Parks	0	(128)	(128)
Reduction in efficiency saving relating to Community Centres (EFFY23)	(170)	(90)	80
Increase to gross saving relating to efficiencies within Neighbourhood Environmental Services	(1,050)	(1,064)	(14)
Increase value of MTP Income option relating to administration allowance for Disabled Facilities Grant (MTPI3)	(35)	(53)	(18)
Increase in the income to be generated from car parking (MTPI21) (excluding daily ticketing)	(50)	(150)	(100)
Reduction in the MTP saving option relating to CCTV cameras (MTPS4)	(43)	(22)	21
<b>Total Budget Adjustments</b>			<b>(2)</b>

**Earmarked Reserves**

Technical Adjustments	0	52	52
Reduction to contribution to General Reserves	150	100	(50)
<b>Total Earmarked Reserve Adjustments</b>			<b>2</b>

**Net Adjustments Since 16th December 2009****0****Revised Budget Gap****0**



**2010/11 - 2012/13 General Fund Revenue Budget Build**

2009/2010	2010/2011	2011/2012	2012/2013
£000	£000	£000	£000

Notes
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**Service Continuation Budget**

Assistant Chief Executive	4,043	4,401	4,482	4,312
Director of Planning & Regeneration	2,830	3,273	3,340	3,374
Director of Finance and Support	17,137	18,516	19,513	20,289
Housing	1,582	1,472	1,632	1,674
Borough Solicitor	1,171	1,258	1,467	1,269
Director of Environment and Culture	12,221	13,332	14,109	14,643
	<b>38,984</b>	<b>42,252</b>	<b>44,543</b>	<b>45,561</b>
<b>Service Continuation Budget</b>	<b>38,984</b>	<b>42,252</b>	<b>44,543</b>	<b>45,561</b>

**Medium Term Planning Options**

Income MTP Options	0	(642)	(657)	(671)
Savings MTP Options	0	(228)	(244)	(248)
Investment MTP Options	0	16	72	75
Efficiency Options	0	(4,119)	(6,130)	(6,263)
	<b>0</b>	<b>(4,973)</b>	<b>(6,959)</b>	<b>(7,107)</b>
<b>Total MTP Options</b>	<b>0</b>	<b>(4,973)</b>	<b>(6,959)</b>	<b>(7,107)</b>

Debt Financing	1,124	2,166	1,555	1,240
Recharges from the General Fund to HRA and Capita	(5,853)	(5,407)	(5,407)	(5,407)
Parish Grants	(21)	(22)	(22)	(22)
Parish Precepts	904	908	935	963
Contribution to/(use of) Reserves	100	100	100	100
Transfer to/(from) Earmarked Reserves	(844)	(264)	795	1,298
	<b>(4,590)</b>	<b>(2,519)</b>	<b>(2,044)</b>	<b>(1,828)</b>
<b>Revenue Budget Requirement</b>	<b>34,394</b>	<b>34,760</b>	<b>35,540</b>	<b>36,626</b>

2009/2010	2010/2011	2011/2012	2012/2013
£000	£000	£000	£000

Notes
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**Funding**

Revenue Support Grant	(3,533)	(2,401)	(3,374)	(3,272)
Non-Domestic Rate	(15,309)	(16,535)	(14,616)	(14,178)
<b>Total Government Grant</b>	<b>(18,842)</b>	<b>(18,936)</b>	<b>(17,990)</b>	<b>(17,450)</b>

Models a reduction in grant of 5% in 2011/12 and further 3% reduction in 2012/13

Models a reduction in grant of 5% in 2011/12 and further 3% reduction in 2012/13

**Council Tax**

Council Tax: Previous Years	(12,887)	(13,538)	(14,025)	(14,443)
Council Tax: Tax base	(142)	(149)	(70)	(73)
Council Tax: 2.47% increase	(508)	(338)	(348)	(435)
Collection Fund (Surplus)/Deficit	86	171	0	0
Single Persons Discount Review	0	0	0	0
Parish Related Council Tax	(904)	(908)	(935)	(963)
<b>Total Council Tax</b>	<b>(14,355)</b>	<b>(14,762)</b>	<b>(15,378)</b>	<b>(15,914)</b>

**Other Government Grant**

Area Based Grant	(504)	(349)	(342)	0
Government Funding for Concessionary Fares	(693)	(713)	(716)	(716)
<b>Total Other Grants</b>	<b>(1,197)</b>	<b>(1,062)</b>	<b>(1,058)</b>	<b>(716)</b>

Assume no Area Based Grant funding or expenditure within 2012/13.

2012/13 funding level is estimated at the same level as 2011/12 as no other information is available

<b>Total Funding</b>	<b>(34,394)</b>	<b>(34,760)</b>	<b>(34,426)</b>	<b>(34,080)</b>
	<b>0</b>	<b>0</b>	<b>1,114</b>	<b>2,546</b>

## Directorate of Finance and Support

	Base Budget 2010/11 (2009/10 Original Budget)	Total Budget 2010/11	Total Budget 2011/12	Total Budget 2012/13
	£	£	£	£
<b>Director of Finance and Support</b>				
Employees	283,083	340,442	344,935	347,671
Premises	0	0	0	0
Transport	1,564	1,764	1,764	1,764
Supplies and Services	6,344	6,121	6,098	6,098
Agency and Contracted	0	0	0	0
Transfer Payments	0	0	0	0
Income	(200)	(200)	(200)	(200)
	<b>290,791</b>	<b>348,127</b>	<b>352,597</b>	<b>355,333</b>
<b>Head of Human Resources</b>				
Employees	1,196,677	1,202,853	1,223,586	1,236,664
Premises	2,990	2,990	2,990	2,990
Transport	19,995	16,445	16,445	16,445
Supplies and Services	767,329	627,386	629,306	331,304
Agency and Contracted	0	0	0	0
Transfer Payments	0	0	0	0
Income	(14,870)	(95,066)	(95,066)	(95,066)
	<b>1,972,121</b>	<b>1,754,608</b>	<b>1,777,261</b>	<b>1,492,337</b>
<b>Head of Finance and Assets</b>				
Employees	3,962,480	4,071,319	4,137,860	4,217,628
Premises	1,581,768	1,513,434	1,571,344	1,596,190
Transport	31,069	29,662	29,662	29,662
Supplies and Services	1,195,958	1,142,023	1,167,037	1,305,362
Agency and Contracted	3,357,340	3,356,265	3,786,746	4,271,723
Transfer Payments	0	0	0	0
Income	(2,053,787)	(1,916,930)	(1,931,930)	(1,931,930)
	<b>8,074,828</b>	<b>8,195,773</b>	<b>8,760,719</b>	<b>9,488,635</b>
<b>Head of Customer Services and ICT</b>				
Employees	4,274,591	4,115,949	4,185,787	4,262,981
Premises	1,165,665	1,119,556	1,174,399	1,236,158
Transport	43,690	39,186	39,221	39,211
Supplies and Services	1,494,823	1,578,668	1,254,943	1,284,846
Agency and Contracted	0	0	0	0
Transfer Payments	0	0	0	0
Income	(240,978)	(263,478)	(276,603)	(276,603)
	<b>6,737,791</b>	<b>6,589,881</b>	<b>6,377,747</b>	<b>6,546,593</b>
<b>Head of Procurement</b>				
Employees	0	0	0	0
Employees	345,094	363,207	373,800	380,188
Premises	0	0	0	0
Transport	2,040	3,065	3,061	3,061
Supplies and Services	(8,646)	136,144	58,140	58,017
Agency and Contracted	0	0	0	0
Transfer Payments	0	0	0	0
Income	(148,097)	(289,208)	(219,189)	(227,455)
	<b>190,391</b>	<b>213,208</b>	<b>215,812</b>	<b>213,811</b>

## ANNEXE 5

	Base Budget 2010/11 (2009/10 Original Budget) £	Total Budget 2010/11 £	Total Budget 2011/12 £	Total Budget 2012/13 £
<b>Head of Revenues and Benefits</b>				
Employees	2,467,173	2,469,906	2,521,142	2,551,610
Premises	9,737	7,758	7,768	7,779
Transport	33,909	34,683	34,679	34,679
Supplies and Services	439,848	437,227	439,210	441,517
Agency and Contracted	131,428	135,848	140,418	145,290
Transfer Payments	59,905,917	77,632,451	81,493,677	85,547,966
Income	<u>(63,120,901)</u>	<u>(80,336,899)</u>	<u>(84,138,965)</u>	<u>(88,131,135)</u>
	<u><b>(132,889)</b></u>	<u><b>380,974</b></u>	<u><b>497,929</b></u>	<u><b>597,706</b></u>
 <b>Total Directorate of Finance and Support</b>	 <u><u><b>17,133,033</b></u></u>	 <u><u><b>17,482,571</b></u></u>	 <u><u><b>17,982,065</b></u></u>	 <u><u><b>18,694,415</b></u></u>

**2010/11 - 2012/13 General Fund Revenue Budget Build****Summary of issues arising from Equalities Impact Assessments****Efficiency Options**

Directorate	Division	Reference	2010/11 £	2011/12 £	2012/13 £	Description	Summary of Potential Equalities Impacts
<b>Efficiency Options</b>							
Assistant Chief Executive	Head Of Performance And Improvement	EFFY1	(39,043)	(39,390)	(39,534)	Restructure of Assistant Chief Executive Office.	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Planning & Regeneration	Head Of Planning	EFFY2	(7,437)	(7,502)	(7,530)	Restructure of Planning Dept.	No impact (vacant post).
Director of Finance and Support	Head Of Finance And Assets	EFFY3	(135,917)	(135,156)	(134,365)	Reduction of Professional Services Costs in relation to the MEARS contract. The same level of service will be provided but no additional admin overhead will be levied on the Council.	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY4	(57,000)	(57,000)	(57,000)	Increase maximum investment period for parties on existing counter party list from 30 days to 12 months	No impact.
Director of Planning & Regeneration	Head Of Planning	EFFY5	(24,000)	(24,000)	(24,000)	Cessation of Planners Retention Payments	No impact.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY6	(48,100)	(48,100)	(48,100)	Removal of bulky waste collection vehicle and use of existing fleet to collect bulky waste	No impact.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY7 & 10	(55,594)	(57,438)	(57,815)	Management re-structure of Revenues and Benefits	No specific impact. Consultation will be made through Management Board and trade unions, alongside the Benefit Management Team.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY11	(5,000)	(5,000)	(5,000)	Reduction to overtime costs as a result of changes in working practices	No impact.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY12	(2,000)	(2,000)	(2,000)	Reduction on publication costs due to online access to information	No impact.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY13	(2,500)	(2,500)	(2,500)	Removal of Comino module that is no longer used. This will have no impact on service delivery.	No impact.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY14	(4,137)	(4,137)	(4,137)	Reduced storage costs as a result of an increased level of document imaging	No impact.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY16	(3,990)	(3,990)	(3,990)	Cessation of the use of LOCKTA system for tracing debtors. Use collection agencies as more effective way to trace debtors.	No impact.
Director of Environment and Culture	Head Of Public Protection	EFFY17	(50,000)	(50,000)	0	Area Based Grant funding for Anti Social Behaviour will cease in March 2010 therefore budget will not be available	No impact.
Director of Environment and Culture	Head Of Public Protection	EFFY18	(25,000)	(25,000)	(25,000)	Reduction of working hours within Food Safety, Health & Safety and Environmental Protection teams within Public Protection	All affected staff have indicated they wish to reduce their hours in the future.
Director of Environment and Culture	Head Of Public Protection	EFFY19	(6,480)	(6,480)	(6,480)	Adjust budget for clean-up of unauthorised Traveller encampments to current level of spend	No impact.
Director of Environment and Culture	Head Of Public Protection	EFFY20	(34,697)	(52,507)	(52,699)	Restructure of Licensing & Regulatory Services department	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.

**2010/11 - 2012/13 General Fund Revenue Budget Build****Summary of issues arising from Equalities Impact Assessments****Efficiency Options**

Directorate	Division	Reference	2010/11 £	2011/12 £	2012/13 £	Description	Summary of Potential Equalities Impacts
<b>Efficiency Options</b>							
Director of Environment and Culture	Head Of Public Protection	EFFY21	(5,200)	(5,200)	(5,200)	Termination of standby payments for Licensing Officers	No impact.
Assistant Chief Executive	Head Of Policy And Community Engagement	EFFY23	(90,000)	(90,000)	(90,000)	Rationalisation / restructure of the caretaking provision for community centres	These proposals do not directly propose closing or restricting the availability of community centres to the public - they are aimed at a more economic and equitable approach to managing and financing them. However it possible that some centres may cease to be viable or may have to reduce opening as a result of the review.
Director of Finance and Support	Director Of Finance & Support	EFFY28	(24,317)	(24,535)	(24,626)	Removal of 1 vacant FTE post within Finance and Support Services Administration Team.	No impact.
Director of Environment and Culture	Town Centre Management	EFFY29	(12,045)	(12,045)	(12,045)	Reduction of Agency budget with no impact on service	No impact.
Housing	Head Of Housing Needs And Support	EFFY30	(33,202)	(33,327)	(33,451)	Remove 1 vacant fte from Private Sector Housing Solutions	No impact.
Housing	Head Of Housing Strategy, Investment & Performance	EFFY31	(4,718)	(16,090)	(16,151)	Remove vacant 0.68 fte Admin post from Housing Strategy Team wef Jan 2011	No impact.
Housing	Head Of Housing Needs And Support	EFFY32	(50,000)	(50,000)	(50,000)	Reduction in costs relating to Homelessness provision. This reflects a strategic move towards the use of Private Sector Landlords (Bond Guarantee Scheme)	No impact.
Director of Finance and Support	Head of Customer Services and ICT	EFFY33	(9,910)	(10,228)	(10,347)	Module to merge mail reducing postage	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY 40-46	(179,091)	(179,091)	(179,091)	Savings on renegotiated electricity contracts	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY 34 - 39 & 47 & 77	(134,689)	(134,583)	(134,470)	Savings on renegotiated gas contracts	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY49-60	(136,400)	(308,260)	(489,810)	Reversal of Supplies and Services Inflation. This efficiency has a nil impact on the overall budget of the Council as inflation is added and removed.	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY61	(20,910)	(20,910)	(20,910)	Efficiency to remove inflationary increase on NNDR budgets. Inflation not required due to revaluation in April 2010.	No impact.
Director of Finance and Support	Head of Customer Services and ICT	EFFY62	(4,776)	(4,732)	(4,841)	Restructuring of Facilities Management at Cliftonville House with no impact on service delivery.	Will affect one employee. Post will be deleted from establishment.
Director of Finance and Support	Head Of Finance And Assets	EFFY63	(21,647)	(21,841)	(21,922)	Deletion of a vacant post following centralisation of Exchequer Services.	No impact.
Director of Planning & Regeneration	Head Of Planning	EFFY64	(40,943)	0	0	Hold the post of Landscape Architect free for the period of 1 year	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY65	(46,032)	(69,980)	(71,774)	Improved use of office space generating external income	No impact.

**2010/11 - 2012/13 General Fund Revenue Budget Build****Summary of issues arising from Equalities Impact Assessments****Efficiency Options**

Directorate	Division	Reference	2010/11 £	2011/12 £	2012/13 £	Description	Summary of Potential Equalities Impacts
<b>Efficiency Options</b>							
Director of Finance and Support	Head Of Finance And Assets	EFFY66	(20,000)	(20,000)	(20,000)	Reduced professional services budget due to in house capacity through training and experience	No impact.
Director of Environment and Culture	Head Of Public Protection	EFFY68	(17,450)	(17,628)	(17,710)	Review of Regulatory Services front office and transfer telephone function to contact centre. Delete one post	No impact (vacant post).
Director of Environment and Culture	Head Of Public Protection	EFFY69	(50,892)	(51,343)	(51,531)	Restructure of Community Safety with reduced management structure. Figure is gross saving (severance costs shown separately). Delete one post	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Borough Solicitor	Borough Solicitor	EFFY71	(1,620)	(1,620)	(1,620)	Reduction of Various Supplies & Services Budgets	No impact.
Borough Solicitor	Borough Solicitor	EFFY72	(12,200)	(12,200)	(12,200)	Reduction of Publications Budget	No impact.
Borough Solicitor	Borough Solicitor	EFFY73	(2,000)	(2,000)	(2,000)	Reduction of Printing & Stationery Budget	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY70	(15,000)	(15,000)	(15,000)	Reduction in Internal Audit Core System days as a result of the improving nature of the authority.	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY74	(25,895)	(26,127)	(26,223)	Vacant post deletion following processes review	No impact.
Director of Finance and Support	Head Of Finance And Assets	EFFY75	(15,000)	0	0	Leave post vacant for 6 months pending review	No impact.
Assistant Chief Executive	Head Of Performance And Improvement	EFFY78	(10,000)	(10,000)	(10,000)	Reduction in budget requirement for corporate consultation	No impact.
Housing	Head Of Housing Needs And Support	EFFY79	(32,530)	(32,530)	(32,530)	Introduction of the Choice Based Letting Scheme for the allocation of vacant dwellings	No impact.
Housing	Head Of Housing Needs And Support	EFFY80	(51,546)	(51,738)	(51,738)	Delete vacant post - Team Leader within Housing Options Team	No impact.
Housing	Head Of Housing Needs And Support	EFFY81	(8,556)	(8,556)	(8,556)	Management agreement at Ecton Lane Travellers' Site	No impact.
Director of Finance and Support	Head Of Human Resources	EFFY82	(20,000)	(20,000)	(20,000)	Reduction in the reliance on agency staff. Target to reduce agency spend by an additional 1%	No impact.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY83	(29,948)	(29,948)	(29,948)	Increase debt recovery collection rates. This option is net of the cost of an additional member of staff to facilitate the additional debt recovery.	Full equality impact assessments are being completed in respect of the corporate write off policy, a fair debt and corporate debt policy.
Director of Finance and Support	Head Of Human Resources	EFFY85	(104,125)	(104,125)	(104,125)	Savings on cost of recruitment following introduction of a more targeted recruitment process.	Customers who do not have access to the internet have the potential to be affected as the campaign will be to drive the majority of advertisements to our website only. A full EIA is to be completed.

**2010/11 - 2012/13 General Fund Revenue Budget Build****Summary of issues arising from Equalities Impact Assessments****Efficiency Options**

Directorate	Division	Reference	2010/11 £	2011/12 £	2012/13 £	Description	Summary of Potential Equalities Impacts
<b>Efficiency Options</b>							
Director of Finance and Support	Head of Customer Services and ICT	EFFY86	(28,000)	(28,000)	(28,000)	Replacement of existing printers with more modern printers, capable of producing greater quality and greater quantity significantly reducing the need to purchase print externally.	Customers of Print Services will benefit as they will receive an improved service whereby their work will be produced using modern print machinery.
Housing	Head Of Housing Needs And Support	EFFY84	(35,000)	(35,000)	(35,000)	HRA to pay for Housing Advice	No impact.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY87	(15,000)	(15,000)	(15,000)	Reduction of agency budget on cemeteries	No impact.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY88	(28,470)	(28,470)	(28,470)	Adjust agency budget on Graffiti to current level of spend. No impact on service as work being undertaken by existing staff.	No impact.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY89	(6,210)	(6,210)	(6,210)	Adjust agency budget on fly tipping to current level of spend. No impact on service as work being undertaken by existing staff.	No impact.
Director of Finance and Support	Head Of Procurement	EFFY90	0	(28,000)	(28,000)	Finer enhancement of Electronic Purchasing and Settlement solution	Biggest impact will be upon suppliers, although staff in purchasing and payments will be affected. A full EIA has been carried out for NAPS in August 2009.
Director of Finance and Support	Head Of Procurement	EFFY91	(16,708)	(19,000)	(19,000)	Procurement Related Savings for discounted rail travel, coach travel, savings on janitorial products, liquid fuels and stationery.	Most internal customers will be affected by changes to corporate contracts in a minor way.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY92	(77,685)	(77,685)	(77,685)	Restructure in Revenues and Benefits as a result of efficiency projects with Customer Services	Will require staff to work in a different manner and customers to access our services via different methods and channels.
Director of Finance and Support	Head of Customer Services and ICT	EFFY93	(77,685)	(77,685)	(77,685)	Restructure in Customer Services as a result of efficiency projects with Revenues and Benefits	Will require staff to work in a different manner and customers to access our services via different methods and channels.
Director of Environment and Culture	Head Of Leisure And Culture	EFFY94	(5,060)	(5,060)	(5,060)	Savings on supplies and services budgets for Leisure Centres	No impact.
Director of Environment and Culture	Head Of Leisure And Culture	EFFY95	(4,286)	(4,286)	(4,286)	Savings on supplies and services budgets for Museums	No impact.
Housing	Head Of Housing Strategy, Investment & Performance	EFFY96	(112,900)	(112,900)	(112,900)	Restructure of Housing Service to create employee savings	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY203	(361,711)	(421,711)	(421,711)	Reduction in the reliance on agency staff within Neighbourhood Environmental Services.	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY204	(283,610)	(283,610)	(283,610)	Introduction of new neighbourhood management model resulting in reduced employee costs.	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY205	(188,974)	(205,697)	(205,697)	Reduction in vehicle repair and maintenance costs within Neighbourhood Environmental Services	None as this is management of resources with no impact on service delivered.



**2010/11 - 2012/13 General Fund Revenue Budget Build****Summary of issues arising from Equalities Impact Assessments****Efficiency Options**

Directorate	Division	Reference	2010/11 £	2011/12 £	2012/13 £	Description	Summary of Potential Equalities Impacts
<b>Efficiency Options</b>							
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY206	(100,000)	(100,000)	(100,000)	Additional net income from recycling activity	No impact.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY202	(54,555)	(87,544)	(87,544)	Efficiencies arising from the introduction of annualised hours within the Museum Service.	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY201	(75,000)	(130,000)	(130,000)	Efficiencies within Car parks service relating to new working practices	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	Head Of Leisure And Culture	EFFY99	0	(250,000)	(250,000)	Potential to move to alternative management option	Transfer of functions will not impact on any grouping differentially.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY100	(421,140)	(421,140)	(421,140)	Improved contract to take all green waste and silt. This option is the net saving that the council incurs on haulage costs	No impact.
Director of Finance and Support	Director Of Finance & Support	EFFY101	(29,167)	(70,000)	(70,000)	Savings in facilities staff based on moving out of Cliftonville by 31st October 2010. Subject to SB Report and cabinet decision	Layouts will be to DDA design and assessments will be carried out if any particular concerns are raised. A survey will be carried out on visitors to Cliftonville reception to understand the impact of the move for our customers.
Director of Finance and Support	Director Of Finance & Support	EFFY102	0	(350,000)	(350,000)	Estimated minimum savings arising from moving out of Cliftonville House (none assumed for 10/11). Subject to SB Report and Cabinet decision	Layouts will be to DDA design and assessments will be carried out if any particular concerns are raised. A survey will be carried out on visitors to Cliftonville reception to understand the impact of the move for our customers.
Director of Planning & Regeneration	Head Of Regeneration And Development	EFFY103	(21,647)	(21,841)	(21,922)	Reorganise the Planning and Regeneration Departments Support Function into a central support team (deletion of vacant post).	No impact.
Director of Finance and Support	Head Of Revenues And Benefits	EFFY104	(3,025)	(3,025)	(3,025)	Reduced cost of benefit payments as a result of paying by BACS	All users of the Benefits Section could be affected, although there will be no issues as alternative payment methods to cheques will be provided.
Assistant Chief Executive	Assistant Chief Executive	EFFY105	(46,141)	(45,725)	(43,746)	Saving following Implementation of current restructuring in Assistant Chief Executives	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	EFFY106	0	(1,000,000)	(1,000,000)	Strategic Business Review Environmental Services subject to Report and Cabinet decision	Assessment to be done when option confirmed as part of the 11/12 process.
Director of Environment and Culture	Head Of Leisure And Culture	EFFY107	(36,852)	(37,180)	(37,316)	Permanently remove vacant Events Officer Post	No impact.
Director of Environment and Culture	Head Of Leisure And Culture	EFFY108	(39,872)	(40,227)	(40,374)	Permanently remove vacant Business Development Officer post from Leisure Centres	No impact.

**2010/11 - 2012/13 General Fund Revenue Budget Build****Summary of issues arising from Equalities Impact Assessments****Efficiency Options**

Directorate	Division	Reference	2010/11 £	2011/12 £	2012/13 £	Description	Summary of Potential Equalities Impacts
<b>Efficiency Options</b>							
Director of Planning & Regeneration	Head Of Planning	EFFY109	(31,191)	(31,469)	(31,585)	Planning restructure amalgamating support functions	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Planning & Regeneration	Head Of Planning	EFFY110	(24,064)	(24,280)	(24,369)	Planning Restructure re upgrade of fast planning	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Housing	Head Of Housing Needs And Support	EFFY111	(42,400)	(42,400)	(42,400)	Restructure of Housing Services	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Assistant Chief Executive	Head Of Performance And Improvement	EFFY112	(39,043)	(39,390)	(39,534)	Restructuring in Assistant Chief Executive's department	The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	Head Of Leisure And Culture	EFFY113	(10,942)	(10,942)	(10,942)	Removal of one part time vacant attendant post from Abington Museum	There will be less front of house staff to deal with customer needs. Employees - less staff to cover rotas for holidays, sickness etc.
Housing	Head Of Housing Needs And Support	EFFY114	(22,000)	(22,000)	(22,000)	Agreed reduction in Countywide Travellers Unit delivering same service level at reduced cost	No impact.
Director of Environment and Culture	Head Of Leisure And Culture	EFFY115	(149,039)	(150,270)	(150,926)	Restructuring with Museums within the Leisure and Culture Department.	Affects all visitors equally so this should not have any differential impact on any particular group or community.
<b>Total Efficiency Savings</b>			<b>(4,118,914)</b>	<b>(6,129,584)</b>	<b>(6,263,106)</b>		

## Key Issues in Medium Term Financial Planning 2010-13 Onwards

Ref	Issue	National Issues/Implications	Effect on Northampton Borough Council
1	Continuous improvement and CAA	Part of CAA Framework Further changes in criteria, especially use of resources	Service planning to produce improvements, issue of better measurement. Criteria tougher and more wide reaching than CPA, including asset management and environment KLoEs
2	Medium Term Planning	National push for better planning	Continued development, especially integration of policies, performance, and cost.
3	Growth	Plans for the MKSM area for the future. Require national resolution and funding.	Costs exceed resources. Need to link in with regional and national efforts.
4	Decent Homes Standard	Government target to meet the decent homes standard by 2010	Pressure to fund the programme to meet the Government target
5	Efficiency	Targets were tightened again in the Chancellor's pre budget report of December 2009, which set a 4% cashable target for 2010/11	Monitor and drive the achievement of efficiency savings Encourage more efficient ways of working and procuring goods and services
6	Equal Pay and Single Status	National drive for equal pay in local Government	Negotiations and Pay and Grading work are ongoing.

7	Formula Grant	2010/11 settlement particularly poor for districts, with ongoing financial implications for both services and council tax levels.	Funding allocations, formula and population projection method disadvantages NBC. Need to participate at a county, regional, and national level to make our case.
8	Asset Management Improvements and Asset Disposals	Ties in with the new CAA proposals for Use of Resources and to ensure best Value for Money	Improvements to planning and management of the Council's assets (property and non-property) and planned capital receipts
9	Planning of budgets to match Council's projected funding		Through medium term planning processes NBC must examine its net expenditure to meet the limitations of its funding.
10	Risks and Reserves		See annex 8
11	Concessionary Fares	Changes in Administration arrangements of national scheme to county level with funding changes	Uncertain as yet what the impact will be in terms of funding changes.
12	Economic Climate	Ongoing Global Economic instability since October 2008. Also, continuing impact of recession, and downturn in housing and financial markets. In addition, material fluctuations in inflation during 2009/10	Significant uncertainty in relation to key income streams, such as investment income, planning income, and building control income, as well as future prices, in cost areas where markets and inflation rates are unstable.
13	Parking Fees	Trend of significant downturn in parking income year on year, could also be impacted by economic uncertainty.	Unpredictability of future income streams means that close monitoring will be essential in 2010/11 and future years.

14	Spending Review	The next spending review is due to take place following the general election. Given the current state of public finances, it is expected that the next three year settlement will be particularly tight.	Need to participate at a county, regional, and national level to make our case.
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**Statement of the Chief Finance Officer Under the Requirements of  
Section 25 of the Local Government Act 2003**

**Robustness of Budget Estimates and Adequacy of Reserves**

**1. Introduction**

- 1.1 This annex focuses on two responsibilities of the Council's Chief Financial Officer under the Local Government Act 2003, which are:
- a) the robustness of the estimates
  - b) the adequacy of the reserves
- 1.2 This document will be updated for the Council meeting on 25 February 2010 if necessary.

**2. Processes**

- 2.1 Budget estimates are an assessment of future expenditure and income at a point in time. This statement on the robustness of the estimates gives members a reasonable degree of confidence that the budget has been based on the best available information and assumptions at the time it was built. It cannot, however, give any guarantees about the budget.
- 2.2 In order to meet the requirement on the robustness of estimates, the budget process incorporated a number of key elements, including:
- a) Issuing clear guidance to service accountants and budget managers
  - b) Peer review by finance staff involved in preparing the Continuation Budget
  - c) A medium term planning process that highlights priority services and identifies efficiency savings
  - d) Detailed challenge of the budget by Management Board and Cabinet members
  - e) The Chief Finance Officer providing advice throughout the process on robustness, including vacancy factors, avoiding unallocated savings, reflecting current demand and service standards (unless standards and/or eligibility are to be changed through policy changes).
  - f) Scrutiny of the robustness of estimates by the Chief Finance Officer, including review of risk on each option, reported to Audit Committee 11 January 2010.
- 2.3 In addition to these arrangements, which aim to test the budget throughout the various stages of its development, considerable reliance is placed on Directors and Heads of Service having proper arrangements in place to identify issues, project demand data, and consider value for money and efficiency.

### **3. Robustness of Estimates**

#### ***General Fund Budget***

- 3.1 In addition to improving efficiency, the Council has two choices:
  - a) To increase financial resources to meet demand and thereby reduce the risk of overspending in 2010/11; or
  - b) To reduce (where possible) service levels and standards, frequency of service delivery, eligibility for services and thereby reduce the risk of overspending in 2010/11
- 3.2 As part of developing the budget, members of the administration have considered these options and the outcomes of these deliberations are reflected in the budget proposed.
- 3.3 The robustness factors taken into account in developing the draft budget are shown in the tables below.

#### ***Review of Risk in the General Fund Budget***

- 3.4 The Chief Finance Officer led a detailed review of the risks in the proposals from each Head of Service, considering deliverability, links to other proposals, and possible impacts on those, risks to partner organisations, risks from the economic climate, and impact on customers, among others.
- 3.5 Each proposal was assigned a risk level of Red (for high risk), Amber (for medium risk), and Green (for low risk).
- 3.6 As a result of the risk assessment a number of options were modified or removed from the proposed budget.
- 3.7 In relation to the remainder, the risks inherent in the budget proposals have been factored into the risk assessment of reserves.
- 3.8 An estimate has been built in for the costs of Pay and Grading in 2010/11. As negotiations have not yet been completed figures for 2011/12 and 2012/13 have not been included in the main budget proposals as accurate figures will be available for the next budget build process.
- 3.9 The pension fund revaluation is due to take place during 2010/11. Due to the economic instability nationally, it is not possible to estimate at this stage what the impact of that might be. This will therefore be built in during the next budget round.
- 3.10 Details of the risk review of the budget and a summary of the risk assessment of reserves was reported to the Audit Committee at its meeting of 11 January 2010.
- 3.11 Overall the Chief Finance Officer considers the estimates to be robust within the assumptions that have been made. Where risks have been identified, these have been taken into account in the risk assessment of reserves (see below).
- 3.12 Performance against the budget will be monitored regularly throughout the financial year, and will be reported to Cabinet by means of formal reports.

- 3.13 If necessary management action will be identified to address any adverse variances to the budget.
- 3.14 The assumptions and potential changing circumstances mean that forecasts for future years need to be reviewed each financial year.
- 3.15 The review of robustness is at Tables 1 to 5, appended to this Annex.

#### **4 Capital Budget**

- 4.1 Directorate project managers put forward project bids for the capital programme with full adherence to the corporate capital project appraisal procedures and Financial Regulations.
- 4.2 The appropriate Directors and Cabinet Member(s) have been consulted and the proposed programme is fully funded.
- 4.3 Projects have been costed at current year prices with many being subject to tender processes after inclusion in the programme, which may lead to variances in the final cost.
- 4.4 The Council has to work within a fixed cash envelope, so any under provision must be found from within these limits.
- 4.5 The risk of the Council being unable to finance variations to the programme is considered to be low due to the phasing of projects. If necessary the Council may freeze parts of the programme within the financial year (where permitted under contractual obligations) to ensure that spend is kept within the agreed limits.
- 4.6 The main risk in the capital programme is delivery of the projects to time. Slippage from one year to the next can increase pressure on the programme in the following year.

#### **5 Adequacy of Reserves**

- 5.1 The Secretary of State has reserve powers under the Local Government Act 2003 to set a minimum level of reserves. It is more likely that this power would be exercised where an authority is running down its reserves against the advice of the Chief Financial Officer.
- 5.2 There is no precise methodology for calculating the adequacy of reserves. It is the Council's safety net for unforeseen circumstances and must last the lifetime of the Council, unless contributions are made from the revenue budget. The minimum level of balances cannot be judged merely against the current risks facing the Council, but must be regularly updated as these risks can and will change over time.
- 5.3 An appropriate level of reserves is determined by a professional judgement based on local circumstances including overall budget value, risks and robustness of budgets, major initiatives being undertaken, budget assumptions, available earmarked reserves and provisions, and the Council's historic record of effective budget management.
- 5.4 Not keeping a minimum prudent level of reserves can have serious consequences. In the event of a major problem or series of adverse events, the authority could be forced to cut spending on other areas during the year in a potentially damaging and arbitrary way.



- 5.5 The Chief Financial Officer has developed a risk management approach to the level of reserves and determined that the minimum level should be £3m, and reserves should be built up to this level over the longer medium term.
- 5.6 In arriving at the recommendation on the minimum prudent level of reserves strategic, operational, and financial risks have been taken into account, as has the robustness of estimates information (above), and new guidance from CIPFA and Government on Treasury risk.
- 5.7 Issues taken into account include:
- a) There is always some degree of uncertainty over whether the full effects of any efficiency measures/increased income will be achieved. Heads of Service have been asked to be prudent in their assumptions, particularly in relation to demand led budgets.
  - b) The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The local authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by Government. The assistance is usually 85% of eligible costs over the threshold. (Up to the threshold the authority must meet 100% of the costs.) The scheme applies to any incident where conditions occur that are clearly exceptional by local standards and the damage to local authority infrastructure or communities must be exceptional in relation to normal experience. In the first instance these costs would be met from reserves.
  - c) The risk of major litigation.
  - d) Unplanned volume increases in major demand led budgets, particularly in the context of a growing town.
  - e) Potential short term differences between the Council's Insurance Reserve and outstanding liabilities, although these should be remedied by the following financial year.
  - f) The need to retain a general contingency to provide for any unforeseen circumstances which may arise, including risk of emergency repairs to public buildings.
  - g) The need to retain reserves for general day to day cash flow management.
  - h) Specific high-risk service issues that were identified during the 2009/10 financial year.
  - i) Treasury management risks
- 5.8 The Chief Financial Officer therefore recommends
- a) That a minimum prudent level of reserves be set at £2.195m for 2010/11 (target for 31 March 2011) and increased over time to £3m. This will be reviewed at least annually. This minimum level is designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year.
  - b) That it be noted that this does not represent a medium-long term safe level of reserves. The level can only accommodate the impact

of significant events up to the level set, and would need to be replenished if one or more such events actually occur.

## **6 General Fund Earmarked Reserves**

6.1 The table below shows the current forecast balance of all earmarked reserves held by the Council.

<b>Reserve</b>	<b>Balance as at 31/03/2009</b>	<b>Additions to Reserves</b>	<b>Use of/ Reductions to Reserves</b>	<b>Forecast Balances as at 31/03/2010</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Insurance	1,976	0	0	1,976
Subsidy Equalisation	500	0	0	500
Core Business Systems	169	0	0	169
Building Maintenance	500	0	(500)	0
Corporate Initiatives (LABGI)	351	0	(112)	239
Service Improvements	1,000	0	(150)	850
General	3,212	0	(353)	2,859
Debt Financing	460	103	(363)	200
Arts	23	0	0	23
	<b>8,191</b>	<b>103</b>	<b>(1,478)</b>	<b>6,816</b>

## **7 Housing Revenue Account (HRA)**

7.1 The opening working balance for 2009/10 was £6.124m, and the closing balance is currently (as at the end of December 2009) forecast to be £6.3m by the end of March 2010.

**Isabell Procter,  
Chief Financial Officer**

**Table 1 – Robustness of Estimates – Environment and Culture**

<b>Budget Assumption</b>	<b>Commentary on Robustness</b>
The treatment of inflation and interest rates	<p>0% has been assumed for the 2010/11, 2011/12 and 2012/13 pay awards.</p> <p>A vacancy factor has been built into the budgets for all 3 years, which should be achieved 'naturally'.</p>
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Environment and Culture Directorate were calculated using previous trends and future forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Among other items, specific pressures have been identified in relation to parking fee income in particular.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The Environment and Culture Directorate has reviewed its services to establish whether services can be delivered more efficiently. Savings have been identified through, additional recycling income, negotiation of new contracts and changes in working practices.</p>
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	The Directorate will manage financial risks through consistent monitoring of the revenue budget and capital programme, and by identifying and implementing management actions should any overspends arise.
The availability of other funds to deal with major contingencies.	<p>This Directorate has a specific earmarked reserve for Arts.</p> <p>The Directorate will continue to undertake effective in-year monitoring of volatile budgets and produce a managed response by means of monitored action plans to any budget pressures arising in the year.</p>
The Directorate's track record in budget and financial management.	The Environment and Culture Directorate's recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an overspend of £768k for 2009/10.
The Directorate's capacity to manage in-year budget pressures	The Environment and Culture Directorate undertakes regular monthly monitoring to promptly identify budget pressures and savings. It is working to improve its ability to develop and monitor action plans and implement solutions to address such pressures as necessary.

**Table 2 – Robustness of Estimates – Finance and Support Services**

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	<p>0% has been assumed for the 2010/11, 2011/12 and 2012/13 pay awards.</p> <p>A vacancy factor has been built into the budgets for all 3 years, which should be achieved ‘naturally’.</p>
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Finance and Support Directorate were calculated using previous trends and future forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Specific demand led pressures have been identified including:</p> <p>Demand for the Government’s revised concessionary fares scheme, which has remained in excess of the funding provided to this authority for this purpose, despite the saving on the budget for this in 2009/10.</p> <p>Decline in commercial letting income due to the economic situation locally.</p> <p>Increased demands on the Revenues and Benefits service due to the economic climate, including a 20% increase in the number of households receiving benefits since April 2008.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level and timing of savings.</p> <p>The Finance and Support Services Directorate has reviewed its services to establish whether they can be delivered more efficiently. Savings have been identified through changes in working practices, contract changes, and restructuring,</p>
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	<p>The Directorate will manage existing financial risks through consistent, evidenced monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>

Budget Assumption	Commentary on Robustness
<p>The availability of other funds to deal with major contingencies.</p>	<p>There are contingency funds specifically available in relation to earmarked reserves for insurance, and core business systems available to this Directorate.</p> <p>The Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2009/10 budget monitoring in the 2010/11 budget where appropriate.</p>
<p>The Directorate's track record in budget and financial management.</p>	<p>The Finance and Support Services Directorate's recent track record of budget and financial management is that as at month 9 the Directorate has a forecast under spend of £737k for 2009/10.</p> <p>This reflects the high risk and volatile demand led budgets that are held within this Directorate and emphasises the importance of effective budget monitoring.</p>
<p>The Directorate's capacity to manage in-year budget pressures</p>	<p>The Finance and Support Services Directorate undertakes regular monthly monitoring to promptly identify budget pressures and savings. It endeavours to develop and monitor action plans and implement solutions to address pressures as necessary.</p>

**Table 3 – Robustness of Estimates – Planning & Regeneration**

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	<p>0% has been assumed for the 2010/11, 2011/12 and 2012/13 pay awards.</p> <p>A vacancy factor has been built into the budgets for all 3 years, which should be achieved 'naturally'.</p>
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Planning &amp; Regeneration Directorate have been calculated using previous trends and forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Specific pressures that have been identified include planning fee income and building control income, which have both fallen significantly due to the condition of the housing market and the effects of the global financial position.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The Planning and Regeneration Directorate has reviewed its services to establish whether services can be delivered more efficiently. Savings have been identified through changes in working practices, and restructuring</p>
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	<p>The Directorate will manage existing financial risks through consistent monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
The availability of other funds to deal with major contingencies.	<p>The Directorate is expected to have some of its 2009/10 earmarked LABGI reserve left.</p> <p>The Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2009/10 budget monitoring in the 2010/11 budget where appropriate.</p>
The Directorate's track record in budget and financial management.	<p>The People, Planning &amp; Regeneration Directorate's recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an under spend of £7k for 2009/10.</p>
The Directorate's capacity to manage in-year budget pressures	<p>The Planning &amp; Regeneration Directorate undertakes regular monthly monitoring to promptly identify budget pressures and savings. It endeavours to develop and monitor appropriate action plans and implement solutions to address such pressures as necessary.</p>

**Table 4 – Robustness of Estimates – Assistant Chief Executive**

<b>Budget Assumption</b>	<b>Commentary on Robustness</b>
The treatment of inflation and interest rates	<p>0% has been assumed for the 2010/11, 2011/12 and 2012/13 pay awards.</p> <p>A vacancy factor has been built into the employee budgets for all 3 years, which should be achieved 'naturally'.</p> <p>A 0% increase has also been assumed for members allowances in line with the staff pay award assumptions.</p>
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Assistant Chief Executive areas have been calculated using previous trends and forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>No specific demand led pressures have been identified in the Assistant Chief Executive's area.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The Assistant Chief Executive areas have reviewed their services to establish whether they can be delivered more efficiently. Savings have been identified through restructures</p>
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	<p>The Assistant Chief Executive will manage existing financial risks through consistent monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
The availability of other funds to deal with major contingencies.	<p>The Assistant Chief Executive area has no specific contingent reserves available to it.</p> <p>The Assistant Chief Executive will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2009/10 budget monitoring in the 2010/11 budget where appropriate.</p>
The Directorate's track record in budget and financial management.	<p>The Assistant Chief Executive areas' recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an under spend of £185k for 2009/10.</p>
The Directorate's capacity to manage in-year budget pressures	<p>The Assistant Chief Executive areas undertake regular monthly monitoring to promptly identify budget pressures and savings. It endeavours to develop and monitor appropriate action plans and implement solutions to address such pressures as necessary.</p>

**Table 5 – Robustness of Estimates – Borough Solicitor**

<b>Budget Assumption</b>	<b>Commentary on Robustness</b>
The treatment of inflation and interest rates	<p>0% has been assumed for the 2010/11, 2011/12 and 2012/13 pay awards.</p> <p>A vacancy factor has been built into the budgets for all 3 years, which should be achieved ‘naturally’.</p>
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Borough Solicitor area have been calculated using previous trends and forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Specific pressures that have been identified include licensing income and land charges income, which have both fallen significantly due to the effects of the global financial position.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and that efficiency savings proposed are realistic in terms of both the level of savings and the timing.</p> <p>The Borough Solicitor has reviewed the services to establish whether services can be delivered more efficiently.</p>
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	<p>The Borough Solicitor will manage existing financial risks through consistent monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
The availability of other funds to deal with major contingencies.	<p>The Borough Solicitor has the St Peters Way earmarked reserve available to it.</p> <p>The Borough Solicitor will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2009/10 budget monitoring in the 2010/11 budget where appropriate.</p>
The Directorate’s track record in budget and financial management.	<p>The Borough Solicitor area’s recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an under spend of £79k for 2009/10.</p>
The Directorate’s capacity to manage in-year budget pressures	<p>The Borough Solicitor area undertakes regular monthly monitoring to promptly identify budget pressures and savings. It endeavours to develop and monitor appropriate action plans and implement solutions to address such pressures as necessary.</p>



**Table 6 – Robustness of Estimates – Housing General Fund**

<b>Budget Assumption</b>	<b>Commentary on Robustness</b>
The treatment of inflation and interest rates	<p>0% has been assumed for the 2010/11, 2011/12 and 2012/13 pay awards.</p> <p>A vacancy factor has been built into the budgets for all 3 years, which should be achieved ‘naturally’.</p>
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Housing Directorate have been calculated using previous trends and forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and that efficiency savings proposed are realistic in terms of both the level of savings and the timing.</p> <p>The Housing Directorate has reviewed the services to establish whether services can be delivered more efficiently. Savings have been identified through deletion of vacant posts and a strategic move towards Private Sector landlords for homelessness provision.</p>
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	<p>The Housing Directorate will manage existing financial risks through consistent monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
The availability of other funds to deal with major contingencies.	<p>The Housing Directorate has no General Fund earmarked reserves available to it.</p> <p>The Housing Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2009/10 budget monitoring in the 2010/11 budget where appropriate.</p>
The Directorate’s track record in budget and financial management.	<p>The Housing Directorate’s recent track record of financial management is that as at month 9 the Housing General Fund is forecasting an under spend of £43k for 2009/10.</p>
The Directorate’s capacity to manage in-year budget pressures	<p>The Housing Directorate undertakes regular monthly monitoring to identify budget pressures and savings promptly. It endeavours to develop and monitor appropriate action plans and implement solutions to address such pressures as necessary.</p>

**Table 7 – Robustness of Estimates – Debt Financing**

<b>Budget Assumption</b>	<b>Commentary on Robustness</b>
The treatment of inflation and interest rates	Based on the latest projections from the Council's Treasury advisors, Sector, and taking into account local circumstances, an average interest rate of 0.75% has been assumed for 2010/11 on investments, with the average interest on the Council's long term borrowing budgeted at 5.4%.
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	<p>This is a volatile budget and there are recognised risks to delivering this budget depending on the level of borrowing the authority needs to undertake to fund its capital programme and the interest rates available for both borrowing and investment.</p> <p>The Directorate will manage existing financial risks through consistent monitoring of the revenue budget and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
The availability of other funds to deal with major contingencies.	<p>There is a specific earmarked reserve for debt financing to cater for the volatility of interest rates.</p> <p>The Directorate will continue to monitor this volatile budget in year and produce a managed response to budget pressures.</p>
The Directorate's track record in budget and financial management.	The Debt Financing area's recent track record of budget and financial management is that as at month 10 the Directorate is forecasting a break even using a draw down of the debt financing earmarked reserve in 2009/10.
The Directorate's capacity to manage in-year budget pressures	Regular monitoring is undertaken on the debt financing budget to promptly identify budget pressures and savings. The Directorate endeavours to develop and monitor appropriate action plans and implement solutions to address pressures as necessary.

**Table 5 – Robustness of Estimates – HRA**

***Further detail can be found in Annex F of the HRA report elsewhere on this agenda***

<b>Budget Assumption</b>	<b>Commentary on Robustness</b>
The treatment of inflation and interest rates	0% has been assumed for the 2010/11, 2011/12 and 2012/13 pay awards.
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the HRA were calculated using previous trends and future forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Among other items, specific pressures have been identified in relation to the cost of HRA subsidy, rent pressures through the rent restructuring process and repairs costs through the pressure to meet and maintain the decent homes standard.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The HRA services have been reviewed to establish whether services can be delivered more efficiently.</p>
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	The Housing Directorate will manage financial risks through consistent monitoring of the revenue budget and capital programme, and by identifying and implementing management actions should any overspends arise.
The availability of other funds to deal with major contingencies.	<p>The HRA maintains a prudent level of balances in reserves to deal with any contingencies that arise.</p> <p>The HRA has a specific reserve of £8.3m that relates to capital and funds for leaseholder review.</p> <p>The HRA will continue to undertake in-year monitoring of volatile budgets and produce a managed response to budget pressures.</p>
The Directorate's track record in budget and financial management.	The HRA's recent track record of budget and financial management is that as at month 9 the HRA is forecasting an over spend of £110k for 2009/10.
The Directorate's capacity to manage in-year budget pressures	The HRA undertakes regular monthly monitoring to promptly identify budget pressures and savings. It has the ability to develop and monitor action plans and implement solutions to address such pressures as necessary.

**2010/11 - 2012/13 General Fund Revenue Budget Build****Assessment of Revenue General Fund Budget MTP Investment Proposals to Corporate Plan Priorities**

Directorate	Division	Reference	Type	Description	Safer, Greener, and Cleaner Communities	Housing, Health, and Wellbeing	A Confident Ambitious and Successful Northampton	Partnerships and Community Engagement	A well managed organisation that puts the customer at the heart of what we do
<b>MTP Investment Options</b>									
Director of Planning & Regeneration	Head Of Planning	MTPG6	L1 Investment	Additional Development Control Officer following Joint Core Strategy and Central Area Action Plan.			X		
Director of Planning & Regeneration	Head Of Planning	MTPG7	L1 Investment	Specialised Archaeological Advice via service level agreement with Northamptonshire County Council				X	X
Director of Environment and Culture	Head Of Neighbourhood Environmental Services	MTPG30	L1 Investment	Funds to cover the disposal costs for the waste associated with Community Payback schemes and community clear ups	X				

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
			£	£	£
<b>Waste Services</b>					
<b>Bulky Waste Collection</b>	Up to three items	Non - S	25.00	10.00	25.00
<b>Skip Collection Service</b>	Non - recyclable waste - per tonne Mileage charge to be added to 2009/10, prices available on application	Non - S	135.08	123.14	153.52
	Waste above one tonne - prices available from Waste Minimisation Team				
<b>Skip Hire</b>	1 - 7 Day Hire	Non - S	POA	POA	POA
<b>Domestic Sacks</b>	per 91	Non - S	4.30	4.28	4.43
<b>Charity Sacks</b>	per 25	Non - S	26.43	26.23	27.22
<b>Cemetery</b>					
<b>Grant of Right</b>	Adult Grave for 1 - 5'6"	Non - S	377.00	352.00	388.00
	Adult Grave for 2 - 6'6"	Non - S	435.00	407.00	448.00
	Adult Grave for 3 - 7'6"	Non - S	494.00	462.00	509.00
	Child	Non - S	75.00	70.00	77.00
	Cremated Remains	Non - S	141.00	132.00	145.00
<b>Internment Fee Mon - Friday</b>	Grave depth 7'6"	Non - S	471.00	440.00	485.00
	Grave depth 6'6"	Non - S	412.00	385.00	424.00
	Grave depth 5'6"	Non - S	377.00	352.00	388.00
	Child up to 12 Years	Non - S	59.00	55.00	61.00
	Still Born-1 Month Old	Non - S	No Charge	No Charge	No Charge
	Cremated Remains	Non - S	141.00	132.00	145.00
	Scattering of Ashes	Non - S	19.00	18.00	20.00
	Mausoleum	Non - S	3437.00	3212.00	3540.00
<b>Vault</b>	Grant of Right and First Interment	Non - S	753.00	704.00	776.00
	Second Interment	Non - S	353.00	330.00	364.00
<b>Memorial Erection Rights</b>	Headstone - Adult	Non - S	101.00	94.00	104.00
	Headstone - Child	Non - S	26.00	24.00	27.00
	Vase - Plain	Non - S	No Charge	No Charge	No Charge
	Vase - Inscribed	Non - S	47.00	44.00	48.00
<b>Kerb Sets</b>	Kerb only	Non - S	153.00	143.00	158.00
	Kerb and Headstone	Non - S	254.00	237.00	262.00
	Memorial Tablet	Non - S	47.00	44.00	48.00
	Additional Inscription	Non - S	35.00	33.00	36.00
	Grave Number Marker	Non - S	15.00	14.00	15.00
	Permanent Grave Number Marker	Non - S	21.00		22.00
	Use of Chapel	Non - S	59.00	55.00	61.00
	Use of Chapel - Winter fuel charge	Non - S	6.40	6.00	7.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
	Search Fee (Inc VAT) -Small Search	Non - S	No Charge	No Charge	No Charge
	Search Fee (Inc VAT) - Medium search	Non - S	22.00	20.00	23.00
	Search Fee (Inc VAT) - Full search	Non - S	59.00	55.00	61.00
Non Resident Fees - families that have resided outside the Borough for more than 5 years are charged at 100% on all the above					
Allotments					
Standard Plot	10 Poles	Non - S	30.00	27.37	30.00
Half size	5 Poles	Non - S	15.00	13.69	15.00
	OAP Discount		50%	30%	50%
Gate Key Fee - either £6 or £4 dependent on type of lock used					
Parks					
Football	Senior Pitch	Non - S	28.00	22.70	29.00
	Junior Pitch	Non - S	8.00	5.70	8.50
Rugby	Senior Pitch	Non - S	28.00	22.70	29.00
	Junior Pitch	Non - S	14.00	11.40	15.00
Hockey	Senior Pitch	Non - S	28.00	22.70	29.00
	Junior Pitch	Non - S	14.00	11.40	15.00
Changing facilities for the above					
	Mon - Sat	Non - S	9.00	6.80	10.00
	Sunday	Non - S	14.00	10.30	14.00
	Sunday - Race course	Non - S	N/a	N/a	15.00
Cricket	Day Match	Non - S	39.00	34.00	41.00
	Evening Match	Non - S	26.00	22.70	27.00
	Junior School Match	Non - S	13.00	11.40	14.00
	Junior Practice Wicket	Non - S	13.00	11.40	14.00
Bowls	Rink per person , per hour	Non - S	2.00	1.70	2.20
	OAP's & Unemployed	Non - S	2.00	1.15	2.20
	Matches - 3 rinks per hour	Non - S	18.00	17.00	19.00
	Matches - 4 rinks per hour	Non - S	24.00	22.70	25.00
	Matches - 5 rinks per hour	Non - S	30.00	28.40	31.00
	Hire of Bowls per game	Non - S	1.00	0.50	1.50
Tennis	Grass - Per court per hour	Non - S	4.00	3.40	4.00
	Hard Court - Per court per hour	Non - S	4.00	3.40	4.50
	Per court, per hour with floodlights	Non - S	5.80		10.00
	Children per hour	Non - S	2.00	1.70	2.00
	Junior School parties per hour	Non - S	3.00	2.80	3.00
Putting	Per round per player	Non - S	1.00	0.60	1.00
Mini 5 a Side Football	Returnable Deposit for hire of the goal	Non - S	5.00		10.00
	Hire of pitch	Non - S	4.00		5.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
<b>Call Care</b>					
<b>Non - HRA</b>	Lifelines - Inside Borough Yearly Charge	Non - S	248.17	230.37	259.91
	Lifelines - Inside Borough Charge per week	Non - S	4.77	4.43	4.99
	Lifelines - Outside Borough Yearly Charge	Non - S	269.10	249.94	281.82
	Lifelines - Outside Borough Charge per week	Non - S	5.18	4.81	5.42
	Installation Charges - Inside Borough	Non - S	54.15	50.30	56.72
	Installation Charges - Outside Borough	Non - S	66.33	61.61	69.47
	Monitoring Charges Yearly Charge	Non - S	81.31	75.74	85.15
	Monitoring Charges Charge per week	Non - S	1.56	1.46	1.63
	Environmental Health Yearly Charge	Non - S	57.41	53.02	60.12
	Environmental Health Charge per week	Non - S	1.10	1.02	1.15
<b>Licensing Fees</b>					
<b>Gambling Act 2005</b>					
<b>New Application</b>					
	Existing Casino	S	N/a	N/a	N/a
	New Small Casino	S	7,200.00	7,200.00	8,000.00
	New Large Casino	S	9,000.00	9,000.00	10,000.00
	Regional Casino	S	13,500.00	13,500.00	15,000.00
	Bingo Club	S	3,150.00	3,150.00	3,500.00
	Betting Premises	S	2,700.00	2,700.00	3,000.00
	Tracks	S	2,250.00	2,250.00	2,500.00
	Family Entertainment Centre	S	1,800.00	1,800.00	2,000.00
	Adult Gaming Centre	S	1,800.00	1,800.00	2,000.00
<b>Apply to Vary</b>					
	Existing Casino	S	1,800.00	1,800.00	2,000.00
	New Small Casino	S	3,600.00	3,600.00	4,000.00
	New Large Casino	S	4,500.00	4,500.00	5,000.00
	Regional Casino	S	6,750.00	6,750.00	7,500.00
	Bingo Club	S	1,575.00	1,575.00	1,750.00
	Betting Premises	S	1,350.00	1,350.00	1,500.00
	Tracks	S	1,125.00	1,125.00	1,250.00
	Family Entertainment Centre	S	900.00	900.00	1,000.00
	Adult Gaming Centre	S	900.00	900.00	1,000.00
<b>Apply to Transfer</b>					
	Existing Casino	S	1,215.00	1,215.00	1,350.00
	New Small Casino	S	1,620.00	1,620.00	1,800.00
	New Large Casino	S	1,935.00	1,935.00	2,150.00
	Regional Casino	S	5,850.00	5,850.00	6,500.00
	Bingo Club	S	1,080.00	1,080.00	1,200.00
	Betting Premises	S	1,080.00	1,080.00	1,200.00
	Tracks	S	855.00	855.00	950.00
	Family Entertainment Centre	S	855.00	855.00	950.00
	Adult Gaming Centre	S	1,080.00	1,080.00	1,200.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
<b>Licensing Fees</b>					
<b>Gambling Act 2005</b>					
<b>Apply for Re-instatement</b>					
Existing Casino	S		1,215.00	1,215.00	1,350.00
New Small Casino	S		1,620.00	1,620.00	1,800.00
New Large Casino	S		1,935.00	1,935.00	2,150.00
Regional Casino	S		5,850.00	5,850.00	6,500.00
Bingo Club	S		1,080.00	1,080.00	1,200.00
Betting Premises	S		1,080.00	1,080.00	1,200.00
Tracks	S		855.00	855.00	950.00
Family Entertainment Centre	S		855.00	855.00	950.00
Adult Gaming Centre	S		1,080.00	1,080.00	1,200.00
Copy Licence	S		20.00	20.00	25.00
<b>Apply for Provisional Statement</b>					
Existing Casino	S		N/a	N/a	N/a
New Small Casino	S		7,200.00	7,200.00	8,000.00
New Large Casino	S		9,000.00	9,000.00	10,000.00
Regional Casino	S		13,500.00	13,500.00	15,000.00
Bingo Club	S		3,150.00	3,150.00	3,500.00
Betting Premises	S		2,700.00	2,700.00	3,000.00
Tracks	S		2,250.00	2,250.00	2,500.00
Family Entertainment Centre	S		1,800.00	1,800.00	2,000.00
Adult Gaming Centre	S		1,800.00	1,800.00	2,000.00
<b>Full Licence Application - Provisional Statement</b>					
Existing Casino	S		N/a	N/a	N/a
New Small Casino	S		2,700.00	2,700.00	3,000.00
New Large Casino	S		4,500.00	4,500.00	5,000.00
Regional Casino	S		7,200.00	7,200.00	8,000.00
Bingo Club	S		1,080.00	1,080.00	1,200.00
Betting Premises	S		1,080.00	1,080.00	1,200.00
Tracks	S		855.00	855.00	950.00
Family Entertainment Centre	S		855.00	855.00	950.00
Adult Gaming Centre	S		1,080.00	1,080.00	1,200.00
<b>Annual Fee</b>					
Existing Casino	S		2,720.00	2,720.00	3,000.00
New Small Casino	S		4,530.00	4,530.00	5,000.00
New Large Casino	S		9,060.00	9,060.00	10,000.00
Regional Casino	S		13,590.00	13,590.00	15,000.00
Bingo Club	S		910.00	910.00	1,000.00
Betting Premises	S		540.00	540.00	600.00
Tracks	S		910.00	910.00	1,000.00
Family Entertainment Centre	S		680.00	680.00	750.00
Adult Gaming Centre	S		910.00	910.00	1,000.00
<b>Notification of Change</b>					
Existing Casino	S		45.00	45.00	50.00
New Small Casino	S		45.00	45.00	50.00
New Large Casino	S		45.00	45.00	50.00
Regional Casino	S		45.00	45.00	50.00
Bingo Club	S		45.00	45.00	50.00
Betting Premises	S		45.00	45.00	50.00
Tracks	S		45.00	45.00	50.00
Family Entertainment Centre	S		45.00	45.00	50.00
Adult Gaming Centre	S		20.00	20.00	25.00
Notifications Section 34	S		50.00	50.00	50.00
Machines New	S		100.00	100.00	100.00
Club Permits Pt 2 & 3 New	S		100.00	100.00	100.00



Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
<b>Premises Grant &amp; Variation</b>					
	Band A Rateable Property	S	100.00	100.00	100.00
	Band B Rateable Property	S	190.00	190.00	190.00
	Band C Rateable Property	S	315.00	315.00	315.00
	Band D Rateable Property	S	450.00	450.00	450.00
	Band E Rateable Property	S	635.00	635.00	635.00
<b>Annual Fees</b>					
	Band A Rateable Property	S	70.00	70.00	70.00
	Band B Rateable Property	S	180.00	180.00	180.00
	Band C Rateable Property	S	295.00	295.00	295.00
	Band D Rateable Property	S	320.00	320.00	320.00
	Band E Rateable Property	S	350.00	350.00	350.00
	Personal (Grant or Renewal)	S	37.00	37.00	37.00
	Temporary Event Notice	S	21.00	21.00	21.00
	Theft, loss etc. of Premises Licence or Summary	S	10.50	10.50	10.50
	Provisional Statement	S	315.00	315.00	315.00
	Personal Notification of Change of Address	S	10.50	10.50	10.50
	Variation of Specified Person as Premises Supervisor	S	23.00	23.00	23.00
	Transfer of Premises Licence	S	23.00	23.00	23.00
	Interim Authority Notice	S	23.00	23.00	23.00
	Theft, loss etc. of Club Certificate	S	10.50	10.50	10.50
	Notification of Change of Name or Rules of a Club	S	10.50	10.50	10.50
	Change of Registered Address of a Club	S	10.50	10.50	10.50
	Theft, Loss of Temporary Event Notice	S	10.50	10.50	10.50
	Theft, Loss of Personal Licence	S	10.50	10.50	10.50
	Premises - Duty to Notify a Change of Address	S	10.50	10.50	10.50
	Right of Freeholder to be Notified	S	21.00	21.00	21.00
	Minor Variation	S	89.00	N/a	89.00
<b>Hackney Carriage &amp; Private Hire Fees</b>					
<b>Drivers Licence Fees</b>					
	New Grant/ Renewal	Non - S	45.50	40.00	45.50
	Renewal of licence with CRB	Non - S	91.50	76.00	91.50
	Failure to attend CRB Appointment	Non - S	10.00	-	10.00
	Combined New Grant / Renewal	Non - S	57.00	50.00	57.00
	Hackney Carriage written Test	Non - S	50.00	15.00	50.00
	Replacement HC or PH Badge	Non - S	15.00	10.00	15.00
	Replacement HC or PH Licence	Non - S	20.00	15.00	20.00
<b>Vehicle Fees</b>					
	Temporary Private Hire/ Hackney Badge	Non - S	10.00	-	10.00
	New Private Hire/Hackney Application (inc bracket)	Non - S	90.00	75.00	90.00
	Vehicle Licence every 6 months	Non - S	85.00	75.00	85.00
	Transfer of vehicle	Non - S	10.00	-	10.00
	Replacement Vehicle Plate	Non - S	15.00	10.00	15.00
	Replacement Vehicle Licence	Non - S	20.00	15.00	20.00
	Replacement Platform Plate	Non - S	10.00	10.00	10.00
	Replacement Condition Booklet	Non - S	5.00	-	5.00
	Replacement Fixing Bracket	Non - S	10.00	-	10.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Operator renewal	Annual Private Hire Operators Licence	Non - S	300.00	200.00	300.00
	Operator Renewal Number of vehicles				
	1	Non - S	200.00	200.00	200.00
	2-5	Non - S	300.00	200.00	300.00
	6-20	Non - S	400.00	200.00	400.00
	20-30	Non - S	500.00	200.00	500.00
	30-40	Non - S	600.00	200.00	600.00
	40-50	Non - S	700.00	200.00	700.00
	50-60	Non - S	800.00	200.00	800.00
	60-70	Non - S	900.00	200.00	900.00
	70+	Non - S	1,000.00	200.00	1,000.00
	Notification of change of named Operator	Non - S	200.00	-	200.00
	Driver Induction Course	Non - S	350.00	350.00	350.00
	Recovery of monies when Cheque not Honoured	Non - S	30.00	-	30.00
Miscellaneous					
Car Boot	Pitches 1 - 20 Registration Fee	Non - S	No Fee	No Fee	No Fee
	Fee per Event	Non - S	No Fee	No Fee	No Fee
	Pitches 21 - 50 Registration Fee	Non - S	10.00	10.00	10.00
	Fee per Event	Non - S	10.00	10.00	10.00
	Pitches 51 - 75 Registration Fee	Non - S	20.00	20.00	20.00
	Fee per Event	Non - S	15.00	15.00	15.00
	Pitches 76 - 100 Registration Fee	Non - S	20.00	20.00	20.00
	Fee per Event	Non - S	20.00	20.00	20.00
Sex Establishments	Per Year	Non - S	3,000.00	3,000.00	3,000.00
Street Trading Consents	Fee per Day per Year (i.e. Monday - Friday 5 Days x £100.00 + £500.00 per year)	Non - S	100.00	100.00	100.00
Election Fees	Copy of Electoral Register				
	Electronic Version - Full Register (restricted sales)	S	230.00	230.00	338.00
	Electronic Version - Edited	S	N/a	N/a	228.00
	Paper copy- Full Register (restricted sales)	S	710.00	710.00	1,070.00
	Paper version - Edited	S	N/a	N/a	705.00
	Confirmation of registration - Individual	Non - S	15.00	15.00	15.00
LAND CHARGES					
Standard Fees	Official LLC1 + CON29 Part1 Search	Non - S	98.00	130.00	98.00
	Official LLC1 Search	Non - S	48.00	26.00	48.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Non Standard Fees	Part II Optional Enq with CON29 - each	Non - S	15.00	10.00	15.00
	Part II Optional Enq without an accompanying CON29 plus £15.00 per question	Non - S	27.15	27.15	27.15
	Additional Enquiries - each	Non - S	20.00	20.00	20.00
Additional Parcel Fees	Additional parcels of land (up to additional 16 parcels) - each	Non - S			
	when submitted with an official LLC1 + CON29 Part1 - each	Non - S	11.50	11.50	11.50
	LLC1 only Additional Parcel Fee	Non - S	1.00	1.00	1.00
Personal Search Fees	Personal Search	Non - S	11.00	11.00	22.00
	Personal Search Additional parcels of land (up to additional 16 parcels) - each	Non - S	1.00	1.00	1.00
Copies of Documents	Planning Consent	Non - S	10.00	5.00	10.00
	Section 106 Agreement	Non - S	15.00	10.00	15.00
	Tree Preservation Order	Non - S	10.00	5.00	10.00
	Other remaining copy documents	Non - S	15.00	10.00	15.00
Planning					
All Outline Applications					
	Sites up to and including 2.5 Hectares	S	335.00 per 0.1 hectare	265.00 per 0.1 hectare	335.00 per 0.1 hectare
	Site exceeds 2.5 Hectares £8,285 plus £100 per 0.1 Hectares to a maximum £125,000	S	8,285.00	6,625.00	8,285.00
Householder Applications	Alterations/extensions to a single dwelling, including works within boundary (excluding flats)	S	150.00	135.00	150.00
Full Applications (and first submissions of reserved matters)	Alterations/extensions to two or more dwellings, including works within boundaries	S	295.00	265.00	295.00
	New Dwellings (up to and including 50)	S	335.00 per dwelling	265.00 per dwelling	335.00 per dwelling
	New Dwellings (for more than 50) £16,565 plus £100 per	S	16,565.00	13,250.00	16,565.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, no increase in gross floor space or no more than 40m <sup>2</sup>	S	170.00	135.00	170.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 40m <sup>2</sup> but no more than 75m <sup>2</sup>	S	335.00	265.00	335.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 75m <sup>2</sup> but no more than 3750m <sup>2</sup>	S	335.00 for each 75m <sup>2</sup> or part of	265.00 for each 75m <sup>2</sup> or part of	335.00 for each 75m <sup>2</sup> or part of
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 3750m <sup>2</sup> - £16,565 plus £100 for each additional 75m <sup>2</sup> to a max of £250,000	S	16,565.00	13,250.00	16,565.00
	The erection of buildings on land used for agriculture purposes with a site area of no more than 465m <sup>2</sup>	S	70.00	50.00	70.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 465m <sup>2</sup> but not more than 540m <sup>2</sup>	S	335.00	265.00	335.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Applications other than Building Works	The erection of buildings on land used for agriculture purposes with a site area of more than 540m <sup>2</sup> but no more than 4,215m <sup>2</sup> - £335 for first 540m <sup>2</sup> plus £335 for each 75m <sup>2</sup> or part thereof	S	335.00	265.00	335.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 4,215m <sup>2</sup> - £16,565 plus £100 for each additional 75m <sup>2</sup> to a max of	S	16,565.00	13,250.00	16,565.00
	Erection of glasshouses on land used for the purposes of agriculture with a floor space no more than 465m <sup>2</sup>	S	70.00	50.00	70.00
	Erection of glasshouses on land used for the purposes of agriculture with a floor space more than 465m <sup>2</sup>	S	1,870.00	1,495.00	1,870.00
	Erection/Alterations/Replacement of plant and machinery on a site no more than 5 hectares	S	335.00 per 0.1 hectare	265.00 per 0.1 hectare	335.00 per 0.1 hectare
	Erection/Alterations/Replacement of plant and machinery on a site that exceeds 5 Hectares -£16,565 plus £100 per 0.1 Hectares to a maximum £250,000	S	16,565.00	13,250.00	16,565.00
	Car Parks, Service Roads or Other Accesses for existing uses	S	170.00	-	170.00
	Waste, Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals on a site no more than 15 hectares	S	170.00 for each 0.1 hectare or part of	-	170.00 for each 0.1 hectare or part of
	Waste, Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals on a site more than 15 hectares - £25,315 plus £100 per 0.1 hectare up to a maximum of £65,000	S	25,315.00	-	25,315.00
	Operations connected with exploratory drilling for oil or natural gas on a site no more than 7.5 hectares	S	335.00 per 0.1 hectare	265.00 per 0.1 hectare	335.00 per 0.1 hectare
	Operations connected with exploratory drilling for oil or natural gas on a site that exceeds 7.5 Hectares £25,000 plus £100 for each 0.1 Hectare to a max £250.000	S	25,000.00	19,875.00	25,000.00
	Other operations - Winning and working of a site that does not exceed 15 Hectares	S	170.00 per 0.1 hectare	135.00 per 0.1 hectare	170.00 per 0.1 hectare
	Other operations - Winning and working of a site that exceeds 15 Hectares - £25,315 plus £100 for each additional 0.1 Hectare up to £65,000	S	25,315.00	20,250.00	25,315.00
	Other operations not coming within any of the above categories up to a maximum £250,000	S	170.00 per 0.1 hectare	135.00 per 0.1 hectare	170.00 per 0.1 hectare

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Reserved Matters	Application for approval of reserved matters following outline approval - Full Fee due, or if already paid then £335 due	S	Full fee due	Full fee due	Full fee due
Approval/ Variation/ Discharge of condition	Application for removal or variation of a condition following grant of planning permission	S	170.00	135.00	170.00
	Request for confirmation that one or more planning conditions have been complied with - £25 per request for householder	S	25.00 per request	-	25.00 per request
	Request for confirmation that one or more planning conditions have been complied with - others £85 per request	S	85.00 per request	-	85.00 per request
Change of use of a building	Change of use of a building to use as one or more separate dwelling houses, or other cases, no more than 50 dwelling	S	335.00 for each	265.00 for each	335.00 for each
	Change of use of a building to use as one or more separate dwelling houses, or other cases, where change of use exceeds 50 dwelling houses - £16,565 plus £100 for each additional dwelling house up to a maximum of £250,000	S	16,565.00	13,250.00	16,565.00
	Other changes of use, other material change of use of a building or land	S	335.00	265.00	335.00
ADVERTISEMENT	Advertisement relating to business on the premises	S	95.00	75.00	95.00
	Advance signs which are not situated on or visible from the site, directing the public to a business	S	95.00	75.00	95.00
	All other advertisements	S	335.00	265.00	335.00
Lawful development certificates	LDC - Existing use - in breach of a planning condition	S	Same as full	Same as full	Same as full
	Existing use LDC - lawful not to comply with a particular condition	S	170.00	-	170.00
	LDC - Proposed Use	S	Half normal planning fee	Half normal planning fee	Half normal planning fee

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Prior Approval					
	Agricultural / forestry buildings & operations or demolition of buildings	S	70.00	50.00	70.00
	Installation of a radio mast ,radio equipment, housing or public callbox	S	335.00	265.00	335.00
Weekly List of Planning applications	£200 per year or £20 per month	Non - S	200.00	120.00	200.00
Copy of decision notice		Non - S	10.00	5.00	10.00
Copy Tree Preservation order		Non - S	10.00	5.00	10.00
Copy of Appeal Decision Notice		Non - S	10.00	5.00	10.00
Copy of Enforcement Notices		Non - S	10.00	5.00	10.00
Copy of Section 106		Non - S	15.00	10.00	15.00
Photocopying					
A4	20p a sheet	Non - S	0.20	0.10	0.20
A3	40p a sheet	Non - S	0.40	0.20	0.40
A2	per sheet	Non - S	3.00	1.00	3.00
A1	per sheet	Non - S	4.00	1.50	4.00
A0	per sheet	Non - S	5.00	2.00	5.00
Ordnance Survey Extracts					
	Set of 6 A4 extracts of 1:500 scale	Non - S	20.00	20.00	20.00
	Set of 6 A4 extracts of 1:1250 scale	Non - S	25.00	25.00	25.00
	Set of 6 A4 extracts of 1:2500 scale	Non - S	30.00	30.00	30.00
Planning Policy Documents					
	Consultants' Reports	Non - S	POA	-	POA
	Central Area Action Area Plan Issues and Options				
	CAAP Background documents				
	CAAP Preferred Option, Submission Draft and all supporting documents	S and Non-S	POA	-	POA
	West Northamptonshire Joint Planning Unit documentation in connection with the Joint Core Strategy and other DPD's	S and non-S	POA	-	POA
	Proposed introduction of charges for provision of services as from the 1st May 2009 (subject to Cabinet approval)				
	Commercial Pre-application advice	Non - S	POA	-	POA
	Major Development 10 -20 dwellings	Non - S	POA	-	10% of fee
	Major Development 21+ dwellings	Non - S	POA	-	10% of fee
	Major Development Offices/Research and Development/Light industry	Non - S	POA	-	10% of fee
	Major Development Heavy Industry/Storage/Warehousing	Non - S	POA	-	10% of fee
	Major Development Retail, Distribution and Servicing	Non - S	POA	-	10% of fee
	All other major development	Non - S	POA	-	10% of fee
	Minor development 1 dwelling	Non - S	POA	-	35.00
	Minor development 2-9 dwellings	Non - S	POA	-	75.00
	Minor development Offices/Research and Development/Light industry	Non - S	POA	-	150.00
	Minor development Heavy Industry/ Storage/ Warehousing	Non - S	POA	-	150.00
	Minor development Retail and Distribution	Non - S	POA	-	150.00
	All other minor development	Non - S	POA	-	10% of fee

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
	Change of Use	Non - S	POA	-	10% of fee
	Householder Developments	Non - S	POA	-	no fee
	Advertisements	Non - S	POA	-	15.00
	Listed Building Consent to alter/extend	Non - S	POA	-	quote required
	Listed Building Consent to demolish	Non - S	POA	-	quote required
	Conservation Area Consents	Non - S	POA	-	50.00
	Other (not included in the above)	Non - S	POA	-	25.00
	Meetings and/or Site Visits (per 30 Minutes)	Non - S	POA	-	£65 per 30 mins
Request for current use of property	All properties	Non - S	POA	-	POA
Other Ancillary Charges	Householder Enquiries	Non - S	POA	-	POA
	Permitted Development Enquiries (other)	Non - S	POA	-	POA
	History and Investigation	Non - S	POA	-	50.00
	Conservation Area Consents	Non - S	POA	-	POA
	Other (not included in the above)	Non - S	POA	-	POA
	Meetings and/or Site Visits (per 30 Minutes)	Non - S	POA	-	POA
Building Control					
New Dwellings up to 300 square m					
Number of Dwellings 1 to 31 dwellings as set out and then additional charge per dwelling as set out below	Plan Charge	S	181.13	176.25	188.76
	1 Inspection Fee	S	455.23	442.98	474.43
	1 Building Notice Charge	S	636.35	619.23	663.19
	2 Plan Charge	S	247.54	240.88	257.97
	2 Inspection Fee	S	630.32	613.35	656.89
	2 Building Notice Charge	S	877.85	854.23	914.87
	3 Plan Charge	S	326.03	317.25	339.77
	3 Inspection Fee	S	800.57	779.03	834.33
	3 Building Notice Charge	S	1,126.60	1096.28	1,174.11
	4 Plan Charge	S	404.51	393.63	421.57
	4 Inspection Fee	S	924.95	900.05	963.96
	4 Building Notice Charge	S	1,329.46	1,293.68	1,385.52
	5 Plan Charge	S	489.04	475.88	509.66
	5 Inspection Fee	S	1,023.96	996.40	1,067.14
	5 Building Notice Charge	S	1,512.00	1472.28	1,576.80
	6 Plan Charge	S	573.56	558.13	597.75
	6 Inspection Fee	S	1,150.75	1,119.78	1,199.27
	6 Building Notice Charge	S	1,724.31	1,677.90	1,796.41
	7 Plan Charge	S	597.71	581.63	622.91
	7 Inspection Fee	S	1,229.24	1,196.15	1,281.08
	7 Building Notice Charge	S	1,826.95	1,777.78	1,903.99
	8 Plan Charge	S	621.86	605.13	648.08
	8 Inspection Fee	S	1,433.30	1,394.73	1,493.74
	8 Building Notice Charge	S	2,055.17	1,999.85	2,141.82
	9 Plan Charge	S	646.01	628.63	673.25
	9 Inspection Fee	S	1,637.37	1,593.30	1,706.42
	9 Building Notice Charge	S	2,283.38	2,221.93	2,379.67
	10 Plan Charge	S	652.05	634.50	679.55
	10 Inspection Fee	S	1,860.76	1,810.68	1,939.23
	10 Building Notice Charge	S	2,512.81	2,445.18	2,618.78
	11 Plan Charge	S	658.09	640.38	685.83
	11 Inspection Fee	S	2,038.26	1,983.40	2,124.22
	11 Building Notice Charge	S	2,696.35	2,623.78	2,810.05

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
	12 Plan Charge	S	664.13	646.25	692.13
	12 Inspection Fee	S	2,214.56	2,154.95	2,307.95
	12 Building Notice Charge	S	2,878.68	2,801.20	3,000.08
	13 Plan Charge	S	670.16	652.12	698.43
	13 Inspection Fee	S	2,393.27	2,328.85	2,494.20
	13 Building Notice Charge	S	3,063.43	2,980.98	3,192.63
	14 Plan Charge	S	676.20	658.00	704.72
	14 Inspection Fee	S	2,539.37	2,471.03	2,646.46
	14 Building Notice Charge	S	3,215.57	3,129.03	3,351.18
	15 Plan Charge	S	682.24	663.88	711.01
	15 Inspection Fee	S	2,715.67	2,642.58	2,830.20
	15 Building Notice Charge	S	3,397.91	3,306.45	3,541.22
	16 Plan Charge	S	688.28	669.75	717.30
	16 Inspection Fee	S	2,891.96	2,814.13	3,013.93
	16 Building Notice Charge	S	3,580.24	3,483.88	3,731.23
	17 Plan Charge	S	694.31	675.62	723.60
	17 Inspection Fee	S	3,068.26	2,985.68	3,197.66
	17 Building Notice Charge	S	3,762.57	3,661.30	3,921.26
	18 Plan Charge	S	700.35	681.50	729.89
	18 Inspection Fee	S	3,244.55	3,157.23	3,381.39
	18 Building Notice Charge	S	3,944.90	3,838.73	4,111.28
	19 Plan Charge	S	706.39	687.37	736.18
	19 Inspection Fee	S	3,381.00	3,290.00	3,523.59
	19 Building Notice Charge	S	4,087.39	3,977.38	4,259.77
	20 Plan Charge	S	712.43	693.25	742.47
	20 Inspection Fee	S	3,554.88	3,459.20	3,704.80
	20 Building Notice Charge	S	4,267.31	4,152.45	4,447.27
	21 Plan Charge	S	724.50	705.00	755.06
	21 Inspection Fee	S	3,635.78	3,537.92	3,789.12
	21 Building Notice Charge	S	4,360.28	4,242.92	4,544.18
	22 Plan Charge	S	736.58	716.75	767.64
	22 Inspection Fee	S	3,758.95	3,657.77	3,917.47
	22 Building Notice Charge	S	4,495.52	4,374.52	4,685.11
	23 Plan Charge	S	748.65	728.50	780.22
	23 Inspection Fee	S	3,882.11	3,777.62	3,966.51
	23 Building Notice Charge	S	4,630.76	4,506.12	4,746.73
	24 Plan Charge	S	760.73	740.25	792.81
	24 Inspection Fee	S	4,005.28	3,897.47	4,174.20
	24 Building Notice Charge	S	4,766.00	4,637.72	4,967.00
	25 Plan Charge	S	772.80	752.00	805.39
	25 Inspection Fee	S	4,129.65	4,018.50	4,303.81
	25 Building Notice Charge	S	4,902.45	4,770.50	5,109.16
	26 Plan Charge	S	784.88	763.75	817.98
	26 Inspection Fee	S	4,252.82	4,138.35	4,432.17
	26 Building Notice Charge	S	5,037.69	4,902.10	5,250.15
	27 Plan Charge	S	796.95	775.50	830.56
	27 Inspection Fee	S	4,375.98	4,258.20	4,560.53
	27 Building Notice Charge	S	5,172.93	5,033.70	5,391.09
	28 Plan Charge	S	809.03	787.25	843.14
	28 Inspection Fee	S	4,499.15	4,378.05	4,688.90
	28 Building Notice Charge	S	5,308.17	5,165.30	5,532.04
	29 Plan Charge	S	821.10	799.00	855.73
	29 Inspection Fee	S	4,622.31	4,497.90	4,817.25
	29 Building Notice Charge	S	5,443.41	5,296.90	5,672.98
	30 Plan Charge	S	833.18	810.75	868.31
	30 Inspection Fee	S	4,691.14	4,564.87	4,888.98
	30 Building Notice Charge	S	5,524.31	5,375.62	5,757.29
	31 Plan Charge	S	845.25	-	880.90
	31 Inspection Fee	S	4,757.55	-	4,958.19
	31 Building Notice Charge	S	5,602.80	-	5,839.09
For each additional dwelling add £5.25 Plan Charge, £78.75 Inspection Charge or £84 Building Notice Charge + VAT					



Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Detached garage of car port up to 40m square	Plan Charge	S	150.01	130.00	156.00
	Inspection Fee	S	Included in Plan Charge	Included in Plan Charge	Included in Plan Charge
	Building Notice Charge	S	150.01	130.00	156.00
	Regularisation Charge	S	156.53	132.77	159.32
Detached garage of car port over 40m square to 60m square	Plan Charge	S	150.01	130.00	156.00
	Inspection Fee	S	163.99	133.00	170.00
	Building Notice Charge	S	314.00	263.00	326.00
	Regularisation Charge	S	327.65	268.60	332.94
Domestic extension up to 10m square	Plan Charge	S	150.01	130.00	156.00
	Inspection Fee	S	163.99	133.00	170.00
	Building Notice Charge	S	314.00	263.00	326.00
	Regularisation Charge	S	327.65	268.60	332.94
Domestic extension 10m to 40m square	Plan Charge	S	150.01	130.00	156.00
	Inspection Fee	S	310.01	255.00	323.00
	Building Notice Charge	S	460.00	385.00	479.00
	Regularisation Charge	S	480.00	393.19	489.24
Domestic extension 40m to 60m square	Plan Charge	S	150.01	130.00	156.00
	Inspection Fee	S	464.00	385.00	484.00
	Building Notice Charge	S	614.01	515.00	640.00
	Regularisation Charge	S	640.70	525.96	653.63
A minimum charge for rooms in the roof is	Plan Charge	S	-	-	156.00
	Inspection Fee	S	-	-	323.00
	Building Notice Charge	S	-	-	479.00
	Regularisation Charge	S	-	-	489.24
Domestic external window & door replacements	Building Notice Charge	S	75.00	-	78.00
	Regularisation Charge	S	78.26	-	79.66
Charges for all other building work					
Estimated Cost of Building Works					
£					
0 - 2,000	Plan Charge	S	115.00	-	119.85
	Inspection Fee	S	-	-	0.00
	Building Notice Charge	S	-	-	119.85
2,001 - 5,000	Plan Charge	S	201.25	-	209.74
	Inspection Fee	S	-	-	0.00
	Building Notice Charge	S	-	-	209.74
5,001 - 6,000	Plan Charge	S	-	-	55.07
	Inspection Fee	S	-	-	165.24
	Building Notice Charge	S	-	-	220.31
6,001 - 7,000	Plan Charge	S	-	-	57.72
	Inspection Fee	S	-	-	173.17
	Building Notice Charge	S	-	-	230.89
7,001 - 8,000	Plan Charge	S	-	-	60.36
	Inspection Fee	S	-	-	181.1
	Building Notice Charge	S	-	-	252.03
8,001 - 9,000	Plan Charge	S	-	-	63.00
	Inspection Fee	S	-	-	189.03
	Building Notice Charge	S	-	-	247.34

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
9,001 - 10,000	Plan Charge	S	-	-	65.65
	Inspection Fee	S	-	-	196.96
	Building Notice Charge	S	-	-	262.61
10,001 - 11,000	Plan Charge	S	-	-	68.29
	Inspection Fee	S	-	-	204.9
	Building Notice Charge	S	-	-	273.19
11,001 - 12,000	Plan Charge	S	-	-	70.94
	Inspection Fee	S	-	-	212.83
	Building Notice Charge	S	-	-	283.76
12,001 - 13,000	Plan Charge	S	-	-	73.58
	Inspection Fee	S	-	-	220.76
	Building Notice Charge	S	-	-	294.34
13,001 - 14,000	Plan Charge	S	-	-	76.23
	Inspection Fee	S	-	-	228.69
	Building Notice Charge	S	-	-	304.92
14,001 - 15,000	Plan Charge	S	-	-	78.87
	Inspection Fee	S	-	-	236.62
	Building Notice Charge	S	-	-	315.49
15,001 - 16,000	Plan Charge	S	-	-	81.51
	Inspection Fee	S	-	-	244.55
	Building Notice Charge	S	-	-	326.06
16,001 - 17,000	Plan Charge	S	-	-	84.15
	Inspection Fee	S	-	-	252.48
	Building Notice Charge	S	-	-	336.64
17,001 - 18,000	Plan Charge	S	-	-	86.80
	Inspection Fee	S	-	-	260.41
	Building Notice Charge	S	-	-	347.21
18,001 - 19,000	Plan Charge	S	-	-	89.44
	Inspection Fee	S	-	-	268.35
	Building Notice Charge	S	-	-	357.79
19,001 - 20,000	Plan Charge	S	-	-	92.08
	Inspection Fee	S	-	-	276.28
	Building Notice Charge	S	-	-	368.36
20,001 - 21,000	Plan Charge	S	-	-	94.43
	Inspection Fee	S	-	-	283.33
	Building Notice Charge	S	-	-	377.76
21,001 - 22,000	Plan Charge	S	-	-	96.78
	Inspection Fee	S	-	-	290.38
	Building Notice Charge	S	-	-	387.16
22,001 - 23,000	Plan Charge	S	-	-	99.13
	Inspection Fee	S	-	-	297.43
	Building Notice Charge	S	-	-	396.56
23,001 - 24,000	Plan Charge	S	-	-	101.48
	Inspection Fee	S	-	-	304.48
	Building Notice Charge	S	-	-	405.96
24,001 - 25,000	Plan Charge	S	-	-	103.83
	Inspection Fee	S	-	-	311.53
	Building Notice Charge	S	-	-	415.36
25,001 - 26,000	Plan Charge	S	-	-	106.18
	Inspection Fee	S	-	-	318.58
	Building Notice Charge	S	-	-	424.76
26,001 - 27,000	Plan Charge	S	-	-	108.53
	Inspection Fee	S	-	-	325.63
	Building Notice Charge	S	-	-	434.16
27,001 - 28,000	Plan Charge	S	-	-	110.88
	Inspection Fee	S	-	-	332.68
	Building Notice Charge	S	-	-	443.56
28,001 - 29,000	Plan Charge	S	-	-	113.23
	Inspection Fee	S	-	-	339.73
	Building Notice Charge	S	-	-	452.96
29,001 - 30,000	Plan Charge	S	-	-	115.58
	Inspection Fee	S	-	-	346.78
	Building Notice Charge	S	-	-	462.36
30,001 - 31,000	Plan Charge	S	-	-	117.93
	Inspection Fee	S	-	-	353.83
	Building Notice Charge	S	-	-	471.76
31,001 - 32,000	Plan Charge	S	-	-	120.28
	Inspection Fee	S	-	-	360.88
	Building Notice Charge	S	-	-	481.16
32,001 - 33,000	Plan Charge	S	-	-	122.63
	Inspection Fee	S	-	-	367.93
	Building Notice Charge	S	-	-	490.56

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
33,001 - 34,000	Plan Charge	S	-	-	124.98
	Inspection Fee	S	-	-	374.98
	Building Notice Charge	S	-	-	499.96
34,001 - 35,000	Plan Charge	S	-	-	127.33
	Inspection Fee	S	-	-	382.03
	Building Notice Charge	S	-	-	509.36
For each additional £1,000 over £35,000 and up to £100,000 add £2.00 Plan Charge, £6.00 Inspection Charge or £8.00 Building Notice Charge + VAT					
100,001 - 101,000	Plan Charge	S	-	-	280.08
	Inspection Fee	S	-	-	840.28
	Building Notice Charge	S	-	-	1,120.36
For every £1,000 over £101,000 and up to £1,000,000 additional sum of £0.88 Plan Charge, £2.62 Inspection Fee or £3.50 Building Notice charge + VAT.					
£1,000,000 to £10,000,000 - Please contact the Building Control Office for a quotation in this instance.					
Electrical Work - minimum charge when not carried out in conjunction with other controlled building work		Non - S	201.25	201.25	209.74
Garage conversions minimum charge		Non - S	-	-	209.74
Fees for dealing with dangerous structures Out of hours call out charge		Non - S			£250 for first 2 hours, £85 per hour or part thereof
Surveyors mileage costs Surveyors time costs		Non - S Non - S			40p per mile Between £61.52 to £89.13 per hour
Administration Cost of work to make structure safe will depend on the amount and type of work involved		Non - S			50.00
Exempt Building Certificate		S	25.00	25.00	29.00
Retrieval of Plans to enable copies of Certificates to be issued		Non - S	30.00	30.00	30.00
Copies of Certificates	Per Copy	Non - S	10.00	5.00	10.00
To view Historic / Stored files		Non - S	200.00		200.00
Letters of Confirmation of works carried out if files not available		Non - S	40.00	35.00	40.00
Environmental Health					
Licences					
Animal boarding establishment	Issue of annual licence traditional border	S	130.00	115.00	135.00
Animal boarding establishment	Issue of annual licence domestic border	S	115.00	-	115.00
Dog breeding	Issue of new licence	S	110.00	105.00	115.00 + vet fee
			+ vet fee	+ vet fee	fee
Dog breeding	Licence renewal	S	110.00	105.00	113.00
Dangerous wild animal	Licence to keep certain animals	S	250.00	230.00	258.00 + vet fee
			+vet fee	+vet fee	fee
Pet shops	Annual licence	S	110.00	105.00	113.00
Riding establishment	Annual licence	S	85.00	80.00	88.00 + vet fee
			+ vet fee	+ vet fee	fee
Motor salvage operator	3 year registration	S	80.00	75.00	80.00
Tattooing, Ear piercing, Acupuncture, Electrolysis	Registration - one off fee	S	115.00	115.00	118.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
<b>Fixed Penalties and Fines</b>					
<b>Smoke Free Areas</b>	No notice displayed - Fixed Penalty Notice reduced to £150 if paid in 14 days Maximum fine on conviction £1000	S	200.00	200.00	200.00
	Smoke Free Areas - reduced to £30 if paid within 15 days Maximum fine on conviction £200 Maximum fine for managers of smoke free areas £2500	S	50.00	50.00	50.00
<b>Certificates &amp; Statements</b>					
<b>Health Export Certificate</b>	Within 3 working days of request	Non - S	60.00	55.00	60.00
	Urgent rate	Non - S	90.00	80.00	90.00
<b>Environmental Searches</b>	Contaminated land etc	Non - S	60.00	55.00	65.00
<b>Consultancy</b>	Hourly rate	Non - S	70.00	55.00	70.00
<b>Statement and Legal Advice (Private Cases)</b>	Up to 5 pages	Non - S	160.00	160.00	160.00
	Additional pages	Non - S	25.00	25.00	25.00
<b>Public Health / Environmental Protection Charges</b>					
<b>Funerals</b>	LA funerals - claim to banks / treasury	S	350.00	350.00	350.00
<b>Drainage works filthy</b>	Works in default	S	Cost of work + 40.00 or 10% external fee whichever is greater	Cost of work + 35.00 admin	Cost of work + 40.00 or 10% external fee whichever is greater
<b>Filthy &amp; verminous premises</b>	Works in default	S	Cost of work + 40.00 an hour	Cost of work + 35.00 hour	Cost of work + 40.00 an hour
<b>Silencing of alarms</b>	Burglar, car etc	S	Cost of work + 40.00 or 10% external fee whichever is greater	Cost of work + 35.00 admin	Cost of work + 40.00 or 10% external fee whichever is greater
<b>Domestic noise</b>	Seizure and storage of noise equipment	Non - S	200.00 first 28 days 1.00 / day after	200.00 first 28 days 1.00 / day after	200.00 first 28 days 1.00 / day after
<b>WNDC consultancy</b>	Hourly rate	Non - S	Team leader / manager 70.00	Team leader / manager 55.00	Team leader / manager 70.00
<b>LA Environmental Regulations of Industrial Plant</b>	LAPC / LAPPC / LA-IPPC application for permit / renewal	S	Set by DEFRA	Set by DEFRA	Set by DEFRA
<b>Animal Welfare Service Stray Dogs</b>	Stray dog release fee	Non - S	40.00 plus kennel costs currently £11 per day	35.00	48.00 + kennel charges

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Fixed Penalties - to be approved at Cabinet					
Dogs	Dog fouling (FPN) (discounted amount £50)	S	80.00	50.00	80.00
Dogs	Dog control (FPN) new for CN & E Act (discounted amount £50)	S	80.00	80.00	80.00
Litter	Depositing Litter (discounted amount £50)	S	80.00	75.00	80.00
Litter	Failure to comply with street litter clearing notice (discounted amount £80)	S	110.00	100.00	110.00
Litter	Failure to comply with waste receptive notice (discounted amount £60)	S	100.00	100.00	100.00
Litter	Unauthorised distribution of litter on designated land (discounted amount £50)	S	80.00	75.00	80.00
Litter and Waste	Failure to produce waste transfer note (waster's carriers licence)	S	300.00	-	300.00
Graffiti / Fly Posting	Graffiti and Fly Posting (discounted amount £50)	S	80.00	75.00	80.00
Noise	Failure to nominate key holder (discounted amount £50)	S	80.00	-	80.00
Noise	Noise from premises - dwelling (discounted amount £80)	S	110.00	-	110.00
Noise	Noise from premises - licensed premises	S	500.00	-	500.00
Parking (cars for sale)	Nuisance premises	S	100.00	-	100.00
Photocopying and Printing					
	First A4 sheet	Non - S	2.50	2.50	2.50
	Additional sheets	Non - S	0.25	0.25	0.25
	A3	Non - S	3.00	3.00	3.00
	Additional sheets	Non - S	0.30	0.30	0.30
	Copying Statutory Notices	Non - S	20.00	20.00	20.00
General	Copy of taped interview	Non - S	-	-	11.75
HMO Licence	Processing application & granting licence to high risk HMO's	S	682.63 per new application	Fee structure	£682.63 per new application
Student Accreditation		Non - S	25.00	10.00	25.00
Immigration	Request for letter confirming property is satisfactory for intended immigrant	Non - S	100.00	100.00	125.00
Housing Act - Enforcement	Charging for taking enforcement action including works in default	S	Cost of work + 35.00 admin	Cost of work + 35.00 admin	Cost of work + 35.00 admin
Viewing of Registers	Free office viewing or internet (where applicable) – charge for copy	Non - S	200.00	200.00	200.00
Choice Based Lettings	Fiat rate charge for advertising a property	Non - S			65.00
Car Parks					
Charges					
	Up to 1 hour - Premium	Non - S	0.80	0.80	0.80
	Up to 1 hour	Non - S	0.60	0.60	0.60
	Up to 2 hours - Premium	Non - S	1.60	1.60	1.60
	Up to 2 hours	Non - S	1.20	1.20	1.20
	Up to 3 hours - Premium	Non - S	2.40	2.40	2.40
	Up to 3 hours	Non - S	1.80	1.80	1.80
	Up to 4 hours - Premium	Non - S	3.20	3.20	3.20
	Up to 4 hours	Non - S	2.40	2.40	2.40
	Up to 5 hours - Premium	Non - S	4.00	4.00	4.00
	Up to 5 hours	Non - S	3.00	3.00	3.00
	All Day - Premium	Non - S	7.00	7.00	7.00
	All Day	Non - S	5.00	5.00	5.00
	Evening - Premium	Non - S	0.80	0.80	1.00
	Evening	Non - S	* Free	* Free	Free
	Overnight - Premium	Non - S	2.50	2.50	2.50
	Overnight	Non - S	* Free	* Free	Free
	Sunday	Non - S	0.80	0.80	0.80
	Coaches - Premium	Non - S	-	-	-
	Coaches	Non - S	8.00	8.00	8.00
	* Selected Car Parks				
	Monthly - 5 day - Premium Car Parks	Non - S	115.00	115.00	N/a
	Monthly - 6 day - Premium Car Parks	Non - S	125.00	125.00	N/a
	Monthly - 7 day - Premium Car Parks	Non - S	135.00	135.00	120.00
	Monthly - 5 day - Standard Car Parks	Non - S	95.00	95.00	N/a
	Monthly - 6 day - Standard Car Parks	Non - S	105.00	105.00	N/a
	Monthly - 7 day - Standard Car Parks	Non - S	115.00	115.00	100.00
	Annual - 5 day - Premium Car Parks	Non - S	1,380.00	1,380.00	N/a
	Annual - 6 day - Premium Car Parks	Non - S	1,500.00	1,500.00	N/a
	Annual - 7 day - Premium Car Parks	Non - S	1,620.00	1,620.00	1,440.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
	Annual - 5 day - Standard Car Parks	Non - S	1,140.00	1,140.00	N/a
	Annual - 6 day - Standard Car Parks	Non - S	1,260.00	1,260.00	N/a
	Annual - 7 day - Standard Car Parks	Non - S	1,380.00	1,380.00	1,200.00
Permits	Town Centre Annual Parking Permits	Non - S	50.00	50.00	350.00
Community Centres					
Public Rate					
Mon - Friday	Main Hall - per hour	Non - S	5.50	4.25	5.75
	Activity or Committee Room - per hour	Non - S	3.50	2.75	3.75
Sat - Sun	Main Hall - per hour	Non - S	9.00	7.00	9.50
	Activity or Committee Room - per hour	Non - S	6.50	5.25	6.50
Commercial Rate					
Mon - Sunday	Main Hall - per hour	Non - S	23.00	18.00	25.00
	Activity Room - per hour	Non - S	12.00	9.00	15.00
	Activity or Committee Room - per hour	Non - S	12.00	9.00	15.00
Jumble Sales	Main Hall - per hour	Non - S	9.00	7.00	9.50
	Activity or Committee Room - per hour	Non - S	9.00	7.00	6.50
Parties					
Child's parties (aged <13) before 7.00pm	Main Hall - per hour	Non - S	9.00	7.00	9.50
	Activity Room - per hour	Non - S	9.00	7.00	6.50
Child's parties (aged <13) after 7.00pm	Main Hall - per hour	Non - S	23.50	18.00	25.00
	Activity Room - per hour	Non - S	23.50	18.00	15.00
Other private parties any time	Main Hall - per hour	Non - S	23.50	18.00	25.00
	Activity Room - per hour	Non - S	11.50	9.00	15.00
* Community Centres exempt from VAT (with option to tax) except for Kingsthorpe Hall & Far Cotton Community Centres which are charged at standard rate.					
Northampton Leisure Card					
Category	Standard	Non - S	14.00	14.00	15.00
	Concession	Non - S	6.50	6.50	6.50
	Family Card *	Non - S	34.50	34.50	36.50
	Family Concession	Non - S	N/a	19.50	N/a
	* up to 5 members no more than two adults				
Locker charges all sites					
	Trilogy DD member	Non - S	0.00	0.00	0.00
	Swimming Lessons	Non - S	0.00	0.00	0.00
	Leisure Card Holder	Non - S	0.20	0.20	0.20
	Non Leisure Card	Non - S	0.20	0.20	0.30
LINGS FORUM					
	Leisure Card				
General Swim	Adults	Non - S	2.50	2.40	2.60
	Concessions	Non - S	2.00	1.90	2.10
	Junior	Non - S	Free	1.70	Free
	Under 5 's	Non - S	Free	0.75	Free
	Family Swim (2 Adults & 2 Children )	Non - S	N/a	6.50	N/a
	Non Leisure Card				
	Adults	Non - S	3.70	3.60	3.80
	Concessions	Non - S	3.70	3.60	3.80
	Junior	Non - S	Free	2.50	Free
	Under 5 's	Non - S	Free	0.75	Free
	Family Swim (2 Adults & 2 Children )	Non - S	N/a	9.70	N/a

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
<b>Special Sessions</b>					
	Leisure Card				
	Aqua Natal	Non - S	3.50	3.25	3.50
	50+ Swim	Non - S	2.00	1.90	2.10
	50+ Aqua Aerobics	Non - S	3.50	3.00	3.50
	Aqua Aerobics	Non - S	4.25	3.75	4.30
	Concessions	Non - S	3.50	3.00	3.50
	GP Referral	Non - S	1.50	3.00	1.50
	General Disabilities Swim	Non - S	2.00	1.80	2.10
	Wet n Wild	Non - S	2.00	2.00	2.00
	Non Leisure Card				
	Aqua Natal	Non - S	4.00	3.80	4.00
	50+ Swim	Non - S	3.70	3.60	3.80
	50+ Aqua Aerobics	Non - S	5.50	4.95	5.50
	Aqua Aerobics	Non - S	5.50	4.95	5.50
	Concessions	Non - S	5.50	4.95	5.50
	GP Referral	Non - S	1.50	3.00	1.50
	General Disabilities Swim	Non - S	3.70	3.60	3.80
	Wet n Wild	Non - S	3.00	3.00	3.00
<b>Health Suite</b>					
	Leisure Card				
	Sauna				
	Adults Peak	Non - S	3.80	3.80	3.80
	Adults Off Peak	Non - S	2.40	2.40	2.40
	Concessions Peak	Non - S	2.80	2.80	2.80
	Concessions Off Peak	Non - S	2.40	2.40	2.40
	Sunbeds				
	Sunbed ( 5 mins)	Non - S	3.20	3.20	3.20
	Sunbed ( 10 mins)	Non - S	6.00	6.00	6.00
	Sunbed Vouchers ( 60 mins)	Non - S	32.00	32.00	32.00
<b>Dry Side Activities</b>					
	Table Tennis - Peak	Non - S	6.50	6.30	6.50
	Table Tennis - Off Peak	Non - S	4.60	4.40	4.60
	Badminton - Peak	Non - S	7.40	7.20	7.50
	Badminton - Off Peak	Non - S	5.90	5.90	6.00
	Come & Try It	Non - S	4.50	4.00	4.50
	50+ Bowls	Non - S	2.00	1.90	2.00
	Squash - Peak	Non - S	6.50	6.30	6.50
	Squash - Off Peak	Non - S	4.60	4.40	4.60
	Tea Dance	Non - S	2.85	2.85	2.00
	Five - a - Side	Non - S	44.40	43.20	45.00
	Fitness Classes / Spinning				
	Adults	Non - S	4.25	4.25	4.30
	Concessions	Non - S	3.50	3.50	3.50

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
	Non Leisure Card				
	Sauna				
	Adults Peak	Non - S	6.00	5.50	6.00
	Adults Off Peak	Non - S	6.00	5.50	6.00
	Concessions Peak	Non - S	6.00	5.50	6.00
	Concessions Off Peak	Non - S	6.00	5.50	6.00
	Sunbeds				
	Sunbed ( 5 mins)	Non - S	3.50	3.50	3.50
	Sunbed ( 10 mins)	Non - S	6.60	6.60	6.60
	Sunbed Vouchers ( 60 mins)	Non - S	35.00	35.00	35.00
	Dry Side Activities				
	Table Tennis - Peak	Non - S	9.50	8.90	9.50
	Table Tennis - Off Peak	Non - S	9.50	8.90	9.50
	Badminton - Peak	Non - S	9.60	9.50	9.80
	Badminton - Off Peak	Non - S	9.60	9.50	9.80
	Come & Try It	Non - S	5.50	5.00	5.50
	50+ Bowls	Non - S	3.80	3.60	4.00
	Squash - Peak	Non - S	9.50	8.90	9.50
	Squash - Off Peak	Non - S	6.50	8.90	6.50
	Tea Dance	Non - S	4.20	4.00	4.20
	Five - a - Side	Non - S	57.60	39.00	60.00
	Fitness Classes / Spinning				
	Adults	Non - S	5.50	5.50	5.50
	Concessions	Non - S	5.50	5.50	5.50
Other Areas	Bar & Disco times 1900 - 2400	Non - S	175.00	170.00	TBC
	Bar & Disco - Wedding Reception All Day	Non - S	340.00	330.00	TBC
Parties	Disco - Leisure Card	Non - S	80.00	80.00	85.00
	Disco - Non Leisure Card	Non - S	95.00	95.00	99.00
	Bouncy Castle Party - Leisure Card	Non - S	80.00	80.00	85.00
	Bouncy Castle Party - Non Leisure Card	Non - S	95.00	95.00	99.00
	Sports Party - Leisure Card	Non - S	80.00	80.00	85.00
	Sports Party - Non Leisure Card	Non - S	95.00	95.00	99.00
	Pool Party - Leisure Card	Non - S	80.00	80.00	85.00
	Pool Party - Non Leisure Card	Non - S	95.00	95.00	99.00



Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
<b>MOUNTS BATHS</b>					
	Leisure Card				
<b>General Swim</b>	Adults Peak	Non - S	2.50	2.40	2.60
	Adults Off Peak	Non - S	2.00	1.90	2.10
	Concessions Peak	Non - S	2.00	1.90	2.10
	Concessions Off Peak	Non - S	2.00	1.90	2.10
	Junior Peak	Non - S	Free	1.70	Free
	Junior Off Peak	Non - S	Free	1.70	Free
	Under 5 's	Non - S	Free	0.75	Free
	Family Swim ( 2 Adults & 2 Children )	Non - S	N/a	6.50	N/a
	Non Leisure Card				
	Adults Peak	Non - S	3.70	3.60	3.80
	Adults Off Peak	Non - S	3.70	3.60	3.80
	Concessions Peak	Non - S	3.70	3.60	3.80
	Concessions Off Peak	Non - S	3.70	3.60	3.80
	Junior Peak	Non - S	Free	2.60	Free
	Junior Off Peak	Non - S	Free	2.40	Free
	Under 5 's	Non - S	Free	0.75	Free
	Family Swim ( 2 Adults & 2 Children )	Non - S	N/a	9.80	N/a
<b>Special Sessions</b>	Leisure Card				
	Early Bird Adults Only	Non - S	2.50	2.40	N/a
	Concessions	Non - S	2.00	1.90	N/a
	Parents & Tots Session	Non - S	2.30	2.30	2.30
	Aqua Natal	Non - S	3.50	3.25	3.50
	50+ Swim	Non - S	2.00	1.90	2.10
	50+ Aqua Aerobics	Non - S	3.50	3.00	3.50
	Aqua Aerobics	Non - S	4.25	3.75	4.30
	Concessions	Non - S	3.50	3.00	3.50
	Aquacise	Non - S	2.50	1.80	2.50
	GP Referral	Non - S	1.50	3.00	1.50
	Wet n Wild	Non - S	2.00	2.00	2.00
	Non Leisure Card				
	Early Bird Adults Only	Non - S	3.70	3.60	N/a
	Concessions	Non - S	3.70	3.60	N/a
	Parents & Tots Session	Non - S	3.70	3.30	3.80
	Aqua Natal	Non - S	4.00	3.80	4.00
	50+ Swim	Non - S	3.70	3.60	3.80
	50+ Aqua Aerobics	Non - S	5.50	5.50	5.50
	Aqua Aerobics	Non - S	5.50	5.50	5.50
	Concessions	Non - S	5.50	5.50	5.50
	Aquacise	Non - S	4.00	2.65	4.00
	GP Referral	Non - S	1.50	3.00	1.50
	Wet n Wild	Non - S	3.00	3.00	3.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
<b>MOUNTS BATHS</b>	<b>Leisure Card</b>				
<b>Health Suite</b>	<b>Adults Peak</b>	Non - S	4.90	4.80	4.90
	<b>Adults Off Peak</b>	Non - S	4.20	4.20	4.20
	<b>Concessions Peak</b>	Non - S	3.60	3.50	3.60
	<b>Concessions Off Peak</b>	Non - S	3.60	3.50	3.60
	<b>50+ Health Suite</b>	Non - S	3.00	3.00	3.30
<b>Sunbeds</b>	<b>Sunbed ( 5 mins)</b>	Non - S	3.20	3.20	3.20
	<b>Sunbed ( 10 mins)</b>	Non - S	6.00	6.00	6.00
	<b>Sunbed Vouchers ( 60 mins)</b>	Non - S	32.00	29.00	32.00
<b>Pool Parties</b>	<b>Main Pool</b>	Non - S	150.00	120.00	150.00
	<b>Teaching Pool Up to 40 Children</b>	Non - S	80.00	80.00	85.00
<b>Fitness Classes / Spinning</b>	<b>Adults</b>	Non - S	4.25	4.25	4.3
	<b>Concessions</b>	Non - S	3.50	3.50	3.50
	<b>Non Leisure Card</b>				
<b>Health Suite</b>	<b>Adults Peak</b>	Non - S	6.50	6.50	6.50
	<b>Adults Off Peak</b>	Non - S	6.50	6.50	6.50
	<b>Concessions Peak</b>	Non - S	6.50	6.50	6.50
	<b>Concessions Off Peak</b>	Non - S	6.50	6.50	6.50
	<b>50+ Health Suite</b>	Non - S	5.50	4.95	6.00
<b>Sunbeds</b>	<b>Sunbed ( 5 mins)</b>	Non - S	3.50	3.50	3.50
	<b>Sunbed ( 10 mins)</b>	Non - S	6.60	6.60	6.60
	<b>Sunbed Vouchers ( 60 mins)</b>	Non - S	35.00	35.00	35.00
<b>Pool Parties</b>	<b>Main Pool</b>	Non - S	150.00	120.00	150.00
	<b>Teaching Pool Up to 40 Children</b>	Non - S	95.00	95.00	99.00
<b>Fitness Classes / Spinning</b>	<b>Adults</b>	Non - S	5.50	5.50	5.50
	<b>Concessions</b>	Non - S	5.50	5.50	5.50
<b>Rooms</b>					
	<b>Robert Street - Meetings</b>	Non - S	15.50	15.00	15.50
	<b>Robert Street - All Day</b>	Non - S	60.00	60.00	60.00
	<b>Robert Street - Half Day</b>	Non - S	30.00	30.00	30.00
<b>Lings Forum Cinema</b>					
<b>Adults</b>		Non - S	5.70	5.50	5.80
<b>Concessions (child,unemployed,student,OAP's &amp; disabled)</b>		Non - S	4.50	4.30	4.50
<b>Kids Screen</b>					
<b>Adults</b>		Non - S	3.75	3.65	3.95
<b>Child</b>		Non - S	3.50	3.30	3.50
<b>Silver Screen</b>		Non - S	3.75	3.50	3.95

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
<b>Northampton Trilogy Membership</b>					
<b>Activation Fee</b>	One off payment includes induction fee	Non - S	25.00	25.00	29.95
	Concession Induction	Non - S	15.00	15.00	15.00
<b>Supergold Membership</b>	Single - per month	Non - S	33.00	33.00	33.00
	Couple per person per month	Non - S	25.50	25.50	25.50
	Student per month	Non - S	19.50	19.50	19.50
	60+ per month (payable by direct debit)	Non - S	19.50	19.50	19.50
<b>Gold Membership</b>					
<b>Activation Fee</b>	One off payment includes induction fee	Non - S	25.00	25.00	25.00
	Single - per month	Non - S	26.00	26.00	26.00
<b>Casual Gym Use</b>	Peak	Non - S	4.90	4.80	5.00
	Off Peak	Non - S	3.90	3.80	4.00
	Concessions Peak	Non - S	4.00	4.00	4.00
	Concessions Off Peak	Non - S	3.00	3.00	3.00
<b>DANES CAMP</b>					
<b>Leisure Card</b>					
<b>General Swim</b>	Adults Peak	Non - S	2.70	-	2.80
	Adults Off Peak	Non - S	2.20	-	2.30
	Concessions Peak	Non - S	2.20	-	2.30
	Concessions Off Peak	Non - S	2.20	-	2.30
	Junior Peak	Non - S	Free	-	Free
	Junior Off Peak	Non - S	Free	-	Free
	Under 5 's	Non - S	Free	-	Free
	<b>Non Leisure Card</b>				
	Adults Peak	Non - S	3.90	-	3.90
	Adults Off Peak	Non - S	3.90	-	3.90
	Concessions Peak	Non - S	3.90	-	3.90
	Concessions Off Peak	Non - S	3.90	-	3.90
	Junior Peak	Non - S	Free	-	Free
	Junior Off Peak	Non - S	Free	-	Free
	Under 5 's	Non - S	Free	-	Free
<b>Special Sessions</b>	<b>Leisure Card</b>				
	Parents & Tots Session	Non - S	2.30	-	2.30
	Aqua Natal	Non - S	3.50	-	3.50
	50+ Swim	Non - S	2.00	-	2.10
	Aqua Aerobics	Non - S	4.25	-	4.30
	Concessions	Non - S	3.50	-	3.50
	GP Referral	Non - S	1.50	-	1.50
	Disco Splash	Non - S	2.00	-	2.00
	<b>Non Leisure Card</b>				
	Parents & Tots Session	Non - S	3.70	-	3.80
	Aqua Natal	Non - S	4.00	-	4.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Creche	50+ Swim	Non - S	3.70	-	3.80
	Aqua Aerobics	Non - S	5.50	-	5.50
	Concessions	Non - S	5.50	-	5.50
	GP Referral	Non - S	1.50	-	1.50
	Disco Splash	Non - S	3.00	-	3.00
	Leisure Card Per half hour	Non - S	1.50	-	1.60
	Non Leisure Card Per half hour	Non - S	2.70	-	2.80
Health Suite	Leisure Card				
	Sauna & Steam Adults Peak	Non - S	3.80	-	3.80
	Adults Off Peak	Non - S	3.00	-	3.00
	Concessions Peak	Non - S	2.80	-	2.80
	Concessions Off Peak	Non - S	2.80	-	2.80
	Sunbeds				
	Sunbed ( 5 mins)	Non - S	3.20	-	3.20
Dry Side Activities	Sunbed ( 10 mins)	Non - S	6.00	-	6.00
	Sunbed Vouchers ( 60 mins)	Non - S	32.00	-	32.00
	Table Tennis - Peak	Non - S	6.50	-	6.50
	Table Tennis - Off Peak	Non - S	4.60	-	4.60
	Badminton - Peak	Non - S	7.40	-	7.50
	Badminton - Off Peak	Non - S	5.90	-	6.00
	Five - a - Side	Non - S	32.00	-	33.00
	Come & Try It	Non - S	4.50	-	4.50
	Badminton - morning (Tuesdays 9am - 12 noon only)	Non - S	3.30	-	3.50
	50+ Badminton (Monday & Wednesday 2pm - 4pm)	Non - S	2.80	-	3.00
	50+ Badminton plus choice of either gym, swim or health suite (Monday & Wednesday 2pm - 4pm)	Non - S	3.30	-	3.50
	Tea Dance	Non - S	2.00	-	2.00
	Fitness Classes / Spinning				
	Adults	Non - S	4.25	-	4.30
	Concessions	Non - S	3.50	-	3.50
	50+ Healthy Hearts	Non - S	3.00	-	3.00
Climbing Wall	Adults Peak	Non - S	3.25	-	3.25
	Adults Off Peak	Non - S	3.25	-	3.25
	Concessions Peak	Non - S	2.75	-	2.75
	Concessions Off Peak	Non - S	2.75	-	2.75
	Non Leisure Card				
Health Suite	Sauna & Steam Adults Peak	Non - S	6.00	-	6.00
	Adults Off Peak	Non - S	6.00	-	6.00
	Concessions Peak	Non - S	6.00	-	6.00
	Concessions Off Peak	Non - S	6.00	-	6.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Dry Side Activities	Sunbeds				
	Sunbed ( 5 mins)	Non - S	3.50	-	3.50
	Sunbed ( 10 mins)	Non - S	6.60	-	6.60
	Sunbed Vouchers ( 60 mins)	Non - S	35.00	-	35.00
	Table Tennis - Peak	Non - S	9.50	-	9.50
	Table Tennis - Off Peak	Non - S	9.50	-	9.50
	Badminton - Peak	Non - S	9.60	-	9.80
	Badminton - Off Peak	Non - S	9.60	-	9.80
	Five - a - Side	Non - S	40.50	-	42.00
	Come & Try It	Non - S	5.50	-	5.50
	Badminton - morning (Tuesdays 9am - 12 noon only)	Non - S	4.50	-	4.50
	50+ Badminton (Monday & Wednesday 2pm - 4pm)	Non - S	4.00	-	4.00
	50+ Badminton plus choice of either gym, swim or health suite (Monday & Wednesday 2pm - 4pm)	Non - S	4.50	-	4.50
	Tea Dance	Non - S	4.20	-	4.20
	Fitness Classes / Spinning				
Climbing Wall	Adults	Non - S	5.50	-	5.50
	Concessions	Non - S	5.50	-	5.50
	50+ Healthy Hearts	Non - S	4.75	-	4.75
	Adults Peak	Non - S	6.50	-	6.50
	Adults Off Peak	Non - S	6.50	-	6.50
Main Hall	Concessions Peak	Non - S	6.50	-	6.50
	Concessions Off Peak	Non - S	6.50	-	6.50
	Whole Hall	Non - S	40.50	39.00	42.00
	5 a Side	Non - S	40.50	39.00	42.00
	Half Main Hall	Non - S	20.25	15.00	21.00
	Per Court	Non - S	9.60	8.90	9.80
	Commercial Event	Non - S	125.00	114.00	By negotiation
	50+ Badminton	Non - S	3.00	2.60	3.00
	50+ Healthy Hearts	Non - S	3.00	3.00	3.50
	Climbing Wall - Adult	Non - S	3.25	3.25	3.25
Rooms	Room 1	Non - S	20.20	19.60	20.20
	Room 2	Non - S	22.70	22.00	22.70
	Room 1 & 2 together	Non - S	43.00	42.00	43.00
	Creche	Non - S	13.50	12.50	13.50
	Reception Area	Non - S	7.50	7.00	7.50
	Creche per child	Non - S	-	1.50	1.50
Swimming Pool	1hr up to 50 people	Non - S	135.00	125.00	135.00
	1hr up to 100 people	Non - S	180.00	170.00	180.00
	2hr up to 100 people	Non - S	290.00	250.00	290.00
Parties	Disco - Leisure Card	Non - S	80.00	80.00	85.00
	Disco - Non Leisure Card	Non - S	95.00	-	99.00
	Bouncy Castle - Leisure Card	Non - S	80.00	80.00	85.00
	Bouncy Castle - Non Leisure Card	Non - S	95.00	-	99.00
	Sports - Leisure Card	Non - S	80.00	80.00	85.00
	Sports - Non Leisure Card	Non - S	95.00	95.00	99.00
	Pool ( General public session) - Leisure Card	Non - S	80.00	80.00	85.00
	Pool ( General public session) - Non Leisure Card	Non - S	95.00	95.00	99.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Swimming Lessons	12 week set of lessons -Adult	Non - S	57.00	56.40	57.00
	Adult Lesson per week	Non - S	4.75	4.70	4.75
	12 week set of lessons -Junior	Non - S	54.00	48.00	72.00
	Junior Lesson per week	Non - S	4.50	4.00	4.50
	Swimming Lesson Monthly Direct Debit	Non - S	N/a	N/a	18.00
Guildhall Rents	Registrar Rent	Non - S	39,470.00	39,470.00	39,470.00
	Volunteer Centre Rent	Non - S	9,375.00	-	9,375.00
Guildhall Room Hire Mon - Fri. 8am till 9pm per hr	Great Hall	Non - S	50.00		60.00
	Court Room	Non - S	30.00		40.00
	Ceremony Room	Non - S	18.00		25.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00		20.00
	Gallery Room	Non - S	18.00		25.00
	Godwin Room	Non - S	18.00		25.00
	Council Chambers	Non - S	30.00		40.00
	Jeffery Room	Non - S	30.00		40.00
	Holding Room	Non - S	18.00		25.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	30.00		30.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	30.00		30.00
	Training Room Dev Centre				
	Room's 1 & 2	Non - S	25.00		30.00
	Room 4	Non - S	18.00		25.00
	Room's 5 & 6	Non - S	15.00		20.00
Mon - Fri. per hr after 9pm	Great Hall	Non - S	75.00		90.00
	Court Room	Non - S	50.00		60.00
	Ceremony Room	Non - S	50.00		60.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00		20.00
	Gallery Room	Non - S	50.00		60.00
	Godwin Room	Non - S	50.00		60.00
	Council Chambers	Non - S	50.00		60.00
	Jeffery Room	Non - S	50.00		60.00
	Holding Room	Non - S	50.00		60.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	50.00		50.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	50.00		50.00
	Training Room Dev Centre				
	Room's 1 & 2	Non - S	50.00		60.00
	Room 4	Non - S	50.00		60.00
	Room's 5 & 6	Non - S	50.00		60.00
Saturdays per hr	Great Hall	Non - S	75.00		90.00
	Court Room	Non - S	50.00		60.00
	Ceremony Room	Non - S	50.00		60.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00		20.00
	Gallery Room	Non - S	50.00		60.00
	Godwin Room	Non - S	50.00		60.00
	Council Chambers	Non - S	50.00		60.00
	Jeffery Room	Non - S	50.00		60.00
	Holding Room	Non - S	50.00		60.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	50.00		50.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	50.00		50.00
	Training Room Dev Centre				
	Room's 1 & 2	Non - S	50.00		60.00
	Room 4	Non - S	50.00		60.00
	Room's 5 & 6	Non - S	50.00		60.00
Sundays & Bank Hols Per hr	Great Hall	Non - S	120.00		145.00
	Court Room	Non - S	80.00		100.00
	Ceremony Room	Non - S	80.00		100.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00		20.00
	Gallery Room	Non - S	80.00		100.00
	Godwin Room	Non - S	80.00		100.00
	Council Chambers	Non - S	80.00		100.00
	Jeffery Room	Non - S	80.00		100.00
	Holding Room	Non - S	80.00		100.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	80.00		100.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	80.00		100.00
	Training Room Dev Centre				
	Room's 1 & 2	Non - S	80.00		100.00
	Room 4	Non - S	80.00		100.00
	Room's 5 & 6	Non - S	50.00		100.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	2010/11 Value Incl VAT
Wedding Ceremony Rates	Great Hall	Non - S	£100 per hr		750.00
	Court Room	Non - S	£100 per hr		500.00
	Great Hall (Sundays & Bank Holidays)	Non - S			1,500.00
	Court Room (Sundays & Bank Holidays)	Non - S			1,000.00

## Notes

Non S - Non Statutory

S - Statutory function

## ADDITIONAL ITEMS:

## Surveyors Fees

Applications to assign, sub, let or vary existing commercial leases or to seek consent for alterations (where Council is landlord)

Non -S

price on application

price on application

price on application, subject to minimum fee of £250

## Surveyors Fees

Applications to purchase low value ( non residential) property owned by the Council

Non -S

price on application

price on application

price on application, subject to minimum fee of £250

Annexes  
6



**NORTHAMPTON**  
BOROUGH COUNCIL

Item No.

**9**

## CABINET REPORT

<b>Report Title</b>	<b>Housing Revenue Account (HRA) Budget, Rent Setting 2010/11 and Budget Projections 2011/12 and 2012/13</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	24 <sup>th</sup> February 2010
<b>Key Decision:</b>	Yes
<b>Listed on Forward Plan:</b>	Yes
<b>Within Policy:</b>	Yes
<b>Policy Document:</b>	No
<b>Directorate:</b>	Finance and Support
<b>Accountable Cabinet Member:</b>	Cllr D Perkins
<b>Ward(s)</b>	N/a

### 1. Purpose

- 1.1 To recommend the HRA 2010/11 budget and the HRA forecasts for 2011/12 and 2012/13, rent increases and other charges for 2010/11 to Council on 25 February 2010 (summarised in **Annex 1**).
- 1.2 To provide a brief update on the ongoing work on the direction of the HRA.

### 2. Recommendations

- 2.1 That Cabinet recommend to Council to approve:
  - a) An average rent increase of 0.58% per dwelling, in line with the Government's rent restructuring regime, convergence in 2012/13, to take effect from 5 April 2010.
  - b) The Medium Term Planning Options and Efficiency Options at **Annex 3** and **4** respectively and the revised contributions to /from working balances;



- c) The HRA budget for 2010/11 set out in **Annex 1** and note the indicative budgets for 2011/12 and 2012/13;
  - d) That Sheltered Accommodation Warden charges (including Eleanore House) are frozen in line with the expected funding settlement from Northampton Supporting People (as shown in **Annex 2**);
  - e) That heating service charges are increased by 0.58% (as shown in **Annex 2**);
  - f) That garage charges are increased by 0.58% (as shown in **Annex 2**);
- 2.2 That the changes to the proposed budget (detailed at **Annex 5**), in light of the Governments Draft and then Final HRA Subsidy Determinations be agreed.
- 2.3 That the Cabinet acknowledges the issues and risks detailed in the Section 151 Officer's statement on the robustness of estimates and the adequacy of the reserves (**Annex 6**).
- 2.4 That authority be delegated to the Director of Finance and Support in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder to:
- transfer monies from earmarked reserves should that become necessary during the financial year.
  - to update the budget tables and annexes, prior to Council should any further changes be necessary

### **3. Issues and Choices**

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#### **3.1 Report Background**

- 3.1.1 The Housing Revenue Account (HRA) is a ring-fenced account that represents the costs of holding the Council housing stock. There are strict rules surrounding the costs and income that can be charged to this account. Much of the income and expenditure is dictated by legislation and regulation leaving the Council with direct control over a limited number of these budgets. Rental income, by far the largest single budget within the HRA, is calculated by applying the rent restructuring formula as defined by the Government.
- 3.1.2 The HRA Budget proposed for 2010/11 reflects the current service levels in the current service methods of delivery.
- 3.1.3 On 16<sup>th</sup> December 2009, Cabinet approved the Draft HRA Budget for consultation. Subsequent proposed adjustments to the Draft Budget are included at **Annex 5**.

## 3.2 Issues

### Rents and Rent Restructuring

- 3.2.1 Rents within the HRA are currently being restructured in line with the Government Rent Restructuring formula. The intention of this restructuring is to have a consistent approach to rental charges across the whole of the Public Sector housing stock. The government has undertaken a fundamental review of rent restructuring and the entire subsidy regime over the last year as it recognised that the National HRA subsidy position is now in surplus and is not operating as originally intended. The outcome of this review has resulted in the Government intending to make an offer to HRA Local Authorities for buying out of the subsidy mechanism. This offer is due in Spring 2010 and will be the subject of a separate report.
- 3.2.2 The average rent increase and the methodology by which rents on individual properties move towards the calculated (formula) rent is determined by the Government Rent Restructuring formula, which is allocated for 2010/11 in line with the Government's Comprehensive Spending Review and disseminated through the HRA Subsidy Determination. The settlement for 2010/11 is for one year only and shortens the rent convergence period from 2023/24 to 2012/2013.
- 3.2.3 The percentage change in rental charges will vary from property to property depending on the formula rent calculation. It is proposed that the Council continues to follow the rent restructuring policies and adopts the revised convergence target date of 2012/13 specified in the Determination. This will result in an average rent increase of 0.58% for 2010/11.
- 3.2.4 Revised rents will take effect from 5<sup>th</sup> April 2010. The tables below show the range of rent increases for 2010/11 in percentage and pounds per week terms. The impact of the negative Retail Price Index used in the formula results in a quarter of the stock receiving a rent reduction.

<b>Rent Increase/Decrease</b>	<b>No of Properties</b>
Above 4%	0
3% to 4%	17
2% to 3%	856
1% to 2%	3,269
0% to 1%	4,964
-1% to 0%	2,477
-2% to -1%	402
-3% to -2%	158
Less than - 3%	78

<b>Rent Increase / Decrease £/week</b>	<b>No of Properties</b>
Between £2 & £3	2,554
Between £1 & £2	561
Between £0 & £1	5,991
Between -£1 & £0	2,753
Between -£2 & -£1	344
Less than -£2	18

### **Rent Rebate Subsidy Limitation**

- 3.2.5 The Government set a 'limit rent' which defines the maximum amount of rent rise on which a Council receives rent rebate subsidy. This was colloquially known as the 'rent cap'. Until the introduction of rent restructuring in the 2001/02 financial year, Councils could raise rents by more than the level set by the Government, an approach adopted by Northampton, but would receive a financial penalty for doing so. This had an impact in the year of the rent rise and continues to have an impact on into future years.
- 3.2.6 By complying with rent restructuring, the rent levels within the subsidy calculation, the limit rent for rent rebate subsidy purposes, and the actual rent charged to tenants are all being brought into line.
- 3.2.7 Councils that raised rents by more than the amounts specified by the Government and benefited by doing so are now gradually seeing the corresponding benefit being removed through the rent restructuring process. This will continue to put additional increasing pressure on the HRA until the point at which all rents have been restructured.

### **HRA Subsidy**

- 3.2.8 The subsidy budget is based on the Determination received from the Government. An analysis of the Determination indicates the following changes to the subsidy between 2009/10 and 2010/11. These are: -
- Management and Maintenance Allowances, which tend to decrease the amount of money paid to the Government. The calculation of these are formula based around types of properties and is intended to reflect the impact on HRA costs of different types of dwelling;
  - Notional income from rents, which tend to increase the amount of money paid to the Government. The calculation of this is formula based and forms part of the overall move to restructure rents towards a standard level for subsidy purposes and the actual rent charged to HRA tenants.
- 3.2.9 Also paid through the subsidy system is the Major Repairs Allowance, (MRA), which is used as part of the financing of the HRA capital programme.
- 3.2.10 The summary below shows the estimate for 2010/11 compared to 2009/10 revised.

	2009/10	2010/11	Changes in Subsidy
	£'000	£'000	£'000
Management and Maintenance	-20,555	-21,274	-719
Major Repairs Allowance	-7,956	-8,039	-83
Capital Charges	-1,277	-1,183	94
Interest on Receipts	3	1	-2
Notional Income for Rents	39,287	40,545	1,258
<b>HRA Subsidy Entitlement</b>	<b>9,502</b>	<b>10,050</b>	<b>548</b>

### **HRA Budget**

3.2.11 The Housing Revenue Account budget includes the effect of rent and charges increases as recommended.

3.2.12 Summary draft budget figures are contained in Appendix A.

3.2.13 In addition, the Department of Communities and Local Government (CLG) has undertaken a review of HRA Subsidy and the HRA ring-fence. The results of this review are expected to be released in Spring 2010, the major change being the offer to buy out of the subsidy mechanism that could have a significant impact on future year budgets.

### **Un-pooling of service charges**

3.2.14 The Government set a policy for social housing rents in the December 2000 policy statement, 'The Way Forward for Housing'. This policy included separating certain charges for service from the standard rent in order to make the charging policy to tenants clearer and fairer for the tenants of housing authorities. There are a number of these service charges that are still charged through rent including caretaking and cleaning. A further assessment of the effects of the un-pooling will be undertaken once the details of the Governments review are released. Un-pooling will be implemented at the optimum time, taking account of clarity of accountability and any logistical issues regarding implementation in-year, rather than at the start of a financial year and after consultation with stakeholders.

### **Housing Repairs Account**

3.2.15 Housing Repairs Account is used to keep a separate record of income and expenditure relating to the repair and maintenance – but not the supervision and management – of an authority's HRA houses or other HRA property. It operates within the HRA ring-fence and, as such, no transfers can be made to or from any accounts other than the HRA. Other key points are:

- (i) the account must be kept in accordance with proper practices;
- (ii) the account must be kept to **avoid a debit balance** in any year;
- (iii) authorities may make **transfers** to the account from the HRA and, in practice, will need to do so to avoid a deficit. They may also transfer some or all of any balance from the account to the HRA;
- (iv) the account must cover the **whole** of an authority's HRA stock;
- (v) if the account is closed, any balance must be transferred to the HRA.

3.2.16 From 2006/07 Northampton has operated a Housing Repairs Account. The Housing Repairs Account is intended to equalise the effect to the HRA of Housing Repairs and can carry its own balance from one year to another.

### **Capital Programme**

3.2.17 The HRA Capital Programme is subject to a separate report. The budget for 2010/11 includes £8.04m for the Major Repairs Allowance. This can only be used to finance HRA capital expenditure. It should be noted that the Revenue Contribution to Capital Expenditure (RCCE) has been removed from the 2010/11 and future years budgets, in line with the business plan, in order to ensure a sustainable revenue position in the medium term. The HRA capital programme has a direct impact on the revenue position of the HRA.

Expenditure for capital purposes and the effect on revenue expenditure continue to be considered together.

- 3.2.18 The Capital Programme includes sums for future Prudential Borrowing from 2010/11. The revenue costs of this borrowing are reflected in the Interest and Financing costs of the HRA below the Net cost of services.

#### **Medium Term Planning (MTP) Position**

- 3.2.19 The financial pressure on the HRA is increasing over time. This arises from a number of factors, the main ones being: -

- Rents pressure through the rent restructuring process;
- The sale of council houses through Right to Buy whereby, broadly speaking, the better quality housing stock will be sold; and
- Repairs costs through the pressure to meet and maintain the decent homes standard.

- 3.2.20 Other future options, including buying the HRA out of the subsidy regime, will be subject to detailed examination and consultation when details are released.

#### **HRA Reserves**

- 3.2.21 In previous years, Cabinet has approved the prudent set aside of funds into specific HRA Reserves to finance future capital programmes, a Leaseholder sinking fund or similar mechanism, and HRA PFI reserve. These reserves currently total £7m, £1m, and £275k respectively. The budget includes further contributions to earmarked reserves of £1m in 2010/11 and £400k in 2011/12. These reserves can be drawn down as required, to finance the future strategic requirements of the service, and will be subject to change depending on the approval of MTP options.

- 3.2.22 The level of general working balances estimated is within what is acceptable under the robustness of estimates assessment shown at **Annex 6**.

### **3.3 Choices (Options)**

#### **MTP Options**

- 3.3.1 The Cabinet can suggest changes to the budget proposals subject to the advice of the Chief Financial Officer.
- 3.3.2 The Cabinet can identify service areas to be scrutinized prior to consideration and approval in February.
- 3.3.3 The MTP options are summarised at **Annex 3**. The Cabinet are invited to indicate if they wish any specific services to be considered for inclusion. These MTP options are included in the figures at **Annex 1**. Any MTP options not approved will increase budgeted reserves by that amount. All options have been subject to Equalities Impact Screening and Assessments where required.
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## **4. Implications (including financial implications)**

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### **4.1 Policy**

#### **4.1.1 None**

### **4.2 Resources and Risk**

4.2.1 The HRA subsidy determination is for one year only, making forecasting forward difficult, especially in light of the Government's fundamental review of HRA Finance. The details behind the subsidy buy out offer are expected to be issued by the time of this meeting.

### **4.3 Legal**

4.3.1 There are no specific legal issues arising from this report.

### **4.4 Equality**

4.4.1 Equality and Diversity were considered as a part of the budget build process, and an equalities assessment will be completed as part of each medium term planning option submitted.

### **4.5 Consultees (Internal and External)**

4.5.1 Internally, Heads of Service, Budget Managers and the Portfolio Holder have been consulted.

4.5.2 The HRA Capital programme has been consulted on as part of the General Fund and Capital programme consultation process. No consultation is required on rent setting or charges setting (as explained in the report, rents are set by the Government determination). However, the Council is required to consult on matters of Housing Management. Consultation on the Housing Asset Management Strategy and the wider Housing Strategy is currently underway, although this is not anticipated to affect the overall HRA budget.

4.5.3 As explained in the report, the Council is anticipating an offer from CLG on buying out of the Housing Subsidy system. Since acceptance of any offer would constitute a significant change on policy and is likely to substantially affect all tenants, there will be appropriate consultation on this in due course, given that the time to respond to CLG is likely to be limited.

4.5.4 Tenants are generally consulted on Housing matters through the Tenant Sounding Board.

### **4.6 How the Proposals deliver Priority Outcomes**

4.6.1 Any discretionary proposals considered during the budget process will be assessed against the corporate priorities as set out in the Corporate Plan.

#### **4.7 Other Implications**

The Annexes are set out as follows:

1. Proposed Budget 2010/11 and Budget Projections 2011/12 - 2012/13
2. Other Charges - Current Charges and Proposed Charges.
3. MTP Options Summary
4. Efficiencies Options
5. Changes Since Draft Budget for Consultation -16 December 2009
6. Statement of Robustness of Estimates

#### **5. Background Papers**

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- 5.1 CLG – Final HRA Subsidy Determination 2010/11
- 5.2 EIA documentation

**Phil Morrison, Finance Manager, ext. 7187**

**2010/11 - 2012/13 Housing Revenue Account Budget Build****Level 1 MTP Investment Options**

Division	Ref	2010/11 £	2011/12 £	2012/13 £	Description	Summary of Potential Equalities Impacts
Head of Strategy, Investment & Performance	HRA MTP2	32,500	0	0	Fee payable to the Audit Commision for an inspection of the Housing Service.	No impact
Head of Strategy, Investment & Performance	HRA MTP3	40,000	40,000	40,000	Development of an extensive training programme for Housing staff. Costs of training courses and post entry training fees.	No impact relating to external provision as equalities should be covered by the provider.
Head of Strategy, Investment & Performance	HRA MTP4	17,171	17,171	17,171	IT support and consultancy to assist IT application development.	The recruitment policy will mitigate any potential bias through a fair selection process
Head of Strategy, Investment & Performance	HRA MTP5	16,892	16,892	16,892	The recruitment of a part-time trainer within the Systems and Rent Accounting Team to train front-line users of current and future Housing IT systems.	The recruitment policy will mitigate any potential bias through a fair selection process
Head of Strategy, Investment & Performance	HRA MTP6	15,000	0	0	Design , printing and distribution of a Customer Engagement Strategy for all tenants and leaseholders.	The document will be available upon request in other formats/languages.
Head of Strategy, Investment & Performance	HRA MTP7	5,000	5,500	6,000	An annual tenant conference hosted by the Housing Directorate where tenants can learn more about current service objectives.	No impact
Head of Strategy, Investment & Performance	HRA MTP11	230,000	230,000	230,000	Engagement of professional advisors to assist in developing estates and infil areas.	The procurement guidelines will mitigate any potential bias through a fair selection process.
Head of Strategy, Investment & Performance	HRA MTP12	124,826	124,826	124,826	Resources required to support the Council in effectively managing the PFI Project.	The procurement guidelines will mitigate any potential bias through a fair selection process.
Head of Strategy, Investment & Performance	HRA MTP13	182,350	182,350	182,350	Asbestos surveys to all Council Homes to ensure that the Housing Asbestos Register is up to date. This work will take at least 3 years.	No impact
Head of Strategy, Investment & Performance	HRA MTP15	38,229	38,229	38,229	Cost of appraisals to support the Round 2 bid to the HCA to build 6 new dwellings.	No impact
Head of Landlord Services	HRA MTP16	25,000	25,000	25,000	Deinfestation and pest control of housing communal areas and shared spaces.	No impact
Head of Landlord Services	HRA MTP18	25,000	25,000	0	Training for Property Maintenance trades staff to be multi-skilled to enable repairs to be carried out in one visit.	No impact relating to external provision as equalities should be covered by the provider.
Head of Landlord Services	HRA MTP19	1,200,000	1,200,000	1,200,000	Increase in budget to meet the current demand on the Property Maintenance Service to deliver housing repairs and void works.	No impact
<b>Total Level 1 MTP Investment Options</b>		<b>1,951,968</b>	<b>1,904,968</b>	<b>1,880,468</b>		



**Statement of the Chief Finance Officer Under the Requirements of  
Section 25 of the Local Government Act 2003**

**Robustness of Budget Estimates and Adequacy of Reserves – Housing  
Revenue Account (HRA)**

**1. Introduction**

- 1.1 This annex focuses on two responsibilities of the Council's Chief Financial Officer under the Local Government Act 2003, which are:
- a) the robustness of the estimates
  - b) the adequacy of the reserves
- 1.2 This document will be updated for the Council meeting on 25 February 2010 if necessary.

**2. Processes**

- 2.1 Budget estimates are an assessment of future expenditure and income at a point in time. This statement on the robustness of the estimates gives members a reasonable degree of confidence that the budget has been based on the best available information and assumptions at the time it was built. It cannot, however, give any guarantees about the budget.
- 2.2 In order to meet the requirement on the robustness of estimates, the budget process incorporated a number of key elements, including:
- a) Issuing clear guidance to service accountants and budget managers
  - b) Peer review by finance staff involved in preparing the Continuation Budget
  - c) A medium term planning process that highlights priority services and identifies efficiency savings
  - d) Detailed challenge of the budget by Management Board and Cabinet members
  - e) The Chief Finance Officer providing advice throughout the process on robustness, including vacancy factors, avoiding unallocated savings, reflecting current demand and service standards (unless standards and/or eligibility are to be changed through policy changes).
  - f) Scrutiny of the robustness of estimates by the Chief Finance Officer, including review of risk on each option, reported to Audit Committee 11 January 2010.
- 2.3 In addition to these arrangements, which aim to test the budget throughout the various stages of its development, considerable reliance is placed on Directors and Heads of Service having proper

arrangements in place to identify issues, project demand data, and consider value for money and efficiency.

### **3. Robustness of Estimates**

#### ***Housing Revenue Account Budget***

- 3.1 In addition to improving efficiency, the Council has two choices:
  - a) To increase financial resources to meet demand and thereby reduce the risk of overspending in 2010/11; or
  - b) To reduce (where possible) service levels and standards, frequency of service delivery, eligibility for services and thereby reduce the risk of overspending in 2010/11
- 3.2 As part of developing the budget, members of the administration have considered these options and the outcomes of these deliberations are reflected in the budget proposed.
- 3.3 The robustness factors taken into account in developing the draft budget are shown in the tables below.

#### ***Review of Risk in the Housing Revenue Account Budget***

- 3.4 The Chief Finance Officer led a detailed review of the risks in the proposals from each Head of Service, considering deliverability, links to other proposals, and possible impacts on those, risks to partner organisations, risks from the economic climate, and impact on customers, among others.
- 3.5 Each proposal was assigned a risk level of Red (for high risk), Amber (for medium risk), and Green (for low risk).
- 3.6 As a result of the risk assessment a number of options were modified or removed from the proposed budget.
- 3.7 In relation to the remainder, the risks inherent in the budget proposals have been factored into the risk assessment of reserves.
- 3.8 Overall the Chief Finance Officer considers the estimates to be robust within the assumptions that have been made. Where risks have been identified, these have been taken into account in the risk assessment of reserves (see below).
- 3.5 Performance against the budget will be monitored regularly throughout the financial year, and will be reported to Cabinet by means of formal reports.
- 3.6 If necessary management action will be identified to address any adverse variances to the budget.
- 3.7 The assumptions and potential changing circumstances mean that forecasts for future years need to be reviewed each financial year.

**Table 1 – Robustness of Estimates –HRA**

<b>Budget Assumption</b>	<b>Commentary on Robustness</b>
The treatment of inflation and interest rates	0% has been assumed for the 2010/11, 2011/12 and 2012/13 pay awards.
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the HRA were calculated using previous trends and future forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Among other items, specific pressures have been identified in relation to the cost of HRA subsidy, rent pressures through the rent restructuring process and repairs costs through the pressure to meet and maintain the decent homes standard.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The HRA services have been reviewed to establish whether services can be delivered more efficiently.</p>
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	The Housing Directorate will manage financial risks through consistent monitoring of the revenue budget and capital programme, and by identifying and implementing management actions should any overspends arise.
The availability of other funds to deal with major contingencies.	<p>The HRA maintains a prudent level of balances in reserves to deal with any contingencies that arise.</p> <p>The HRA has a specific reserve of £8.3m that relates to capital and funds for leaseholder review.</p> <p>The HRA will continue to undertake in-year monitoring of volatile budgets and produce a managed response to budget pressures.</p>
The Directorate's track record in budget and financial management.	The HRA's recent track record of budget and financial management is that as at month 9 the HRA is forecasting an over spend of £110k for 2009/10.
The Directorate's capacity to manage in-year budget pressures	The HRA undertakes regular monthly monitoring to promptly identify budget pressures and savings. It has the ability to develop and monitor action plans and implement solutions to address such pressures as necessary.

#### **4 Capital Budget**

- 4.1 Directorate project managers put forward project bids for the capital programme with full adherence to the corporate capital project appraisal procedures and Financial Regulations.
- 4.2 The appropriate Directors and Cabinet Member(s) have been consulted and the proposed programme is fully funded.
- 4.3 Projects have been costed at current year prices with many being subject to tender processes after inclusion in the programme, which may lead to variances in the final cost.
- 4.4 The Council has to work within a fixed cash envelope, so any under provision must be found from within these limits.
- 4.5 The risk of the Council being unable to finance variations to the programme is considered to be low due to the phasing of projects. If necessary the Council may freeze parts of the programme within the financial year (where permitted under contractual obligations) to ensure that spend is kept within the agreed limits.
- 4.6 The main risk in the capital programme is delivery of the projects to time. Slippage from one year to the next can increase pressure on the programme in the following year.

#### **5. Adequacy of HRA Reserves**

- 5.1 The Secretary of State has reserve powers under the Local Government Act 2003 to set a minimum level of reserves. It is more likely that this power would be exercised where an authority is running down its reserves against the advice of the Chief Financial Officer.
- 5.2 There is no precise methodology for calculating the adequacy of reserves. It is the Council's safety net for unforeseen circumstances and must last the lifetime of the Council, unless contributions are made from the revenue budget. The minimum level of balances cannot be judged merely against the current risks facing the Council, but must be regularly updated as these risks can and will change over time.
- 5.3 An appropriate level of reserves is determined by a professional judgement based on local circumstances including overall budget value, risks and robustness of budgets, major initiatives being undertaken, budget assumptions, available earmarked reserves and provisions, and the Council's historic record of effective budget management.
- 5.4 Not keeping a minimum prudent level of reserves can have serious consequences. In the event of a major problem or series of adverse events, the authority could be forced to cut spending on other areas during the year in a potentially damaging and arbitrary way.
- 5.6 In arriving at the recommendation on the minimum prudent level of reserves strategic, operational, and financial risks have been taken into account, as has the robustness of estimates information (above).

- 5.7 Issues taken into account include:  
current volatility in the HRA Subsidy mechanism; and  
current volatility of the Repairs and Maintenance service;

**7 Housing Revenue Account (HRA)**

- 7.1 The opening working balance for 2009/10 was £6.124m, and the closing balance is currently (as at the end of December 2009) forecast to be £6.3m by the end of March 2010.

**Isabell Procter,  
Chief Financial Officer**

**Appendices**

**2**



**NORTHAMPTON  
BOROUGH COUNCIL**

**Item No.**

**10**

## **CABINET REPORT**

<b>Report Title</b>	<b>PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2010-11 to 2012-13</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	24 February 2010
<b>Key Decision:</b>	YES
<b>Listed on Forward Plan:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	Finance & Support
<b>Accountable Cabinet Member:</b>	David Perkins
<b>Ward(s)</b>	Not Applicable

### **1. Purpose**

- 1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) requires that prudential indicators, other than actuals that are taken from information in the local authority's Statement of Accounts, are set for the forthcoming and following years through the processes established for the setting and revising of the budget for the local authority – that is, by the full Council.
- 1.2 This report sets out:
  - The background to the prudential indicators
  - Proposed prudential indicators for 2010-11 and the following two years
  - The Executive Summary from the Prudential Code (Fully Revised Second Edition 2009) (Annex A)
  - A commentary to support the individual prudential indicators (Annex B)

## **2. Recommendations**

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- 2.1 That Cabinet recommend to Council that they approve the prudential indicators required under the CIPFA Prudential Code for Capital Finance in Local Authorities (Fully revised second edition 2009) as set out at paragraph 3.2.3 below.
- 2.2 That Cabinet recommend to Council that they approve the delegation of authority to the Section 151 Officer to make adjustments between the “borrowing” and “other long term liabilities” categories within the overall total of the indicators for the operational boundary and the authorised limit for external debt set out at paragraphs 3.2.3 (g) and (h) below.

## **3. Issues and Choices**

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### **3.1 Report Background**

- 3.1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Local authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc and Accounts).
- 3.1.2 A fully revised second edition of the Prudential Code was published in 2009.
- 3.1.3 In the revised document it is made clear that the framework established by the Prudential Code should support, local strategic planning, local asset management planning and proper option appraisal.
- 3.1.4 The objectives of the Prudential Code are to provide a framework for local authority capital finance that will ensure for individual local authorities that:
- Capital expenditure plans are affordable
  - All external borrowing and other long-term liabilities are within prudent and sustainable levels
  - Treasury management decisions are taken in accordance with professional good practice
- And, that in taking decisions in relation to these factors, the local authority is accountable, by providing a clear and transparent framework.
- 3.1.5 In exceptional circumstances the objective of the Prudential Code is to provide a framework that will demonstrate that there is a danger of not ensuring the above, so that the authority can take timely remedial action.
- 3.1.6 The framework in the Prudential Code includes a set of prudential indicators, designed to support and record local decision-making. These should be taken together, integrated into a coherent entity, rather than individually.
- 3.1.7 The Prudential Code requires that prudential indicators, other than actuals that are taken from information in the local authority's Statement of Accounts, are set for the forthcoming and following years through the processes established for the setting and revising of the budget for the local authority –

that is, by the full council. Any revisions required to the prudential indicators must follow the same approval process.

- 3.1.8 The Chief Finance Officer is required to establish procedures to monitor both performance against all forward-looking prudential indicators and the requirement to adopt and adhere to the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. He or she is also expected to establish a measurement and reporting process that highlights significant deviations from expectations.
- 3.1.9 The Prudential Code requires the following matters to be taken into account when setting or revising the prudential indicators:
- a) Service objectives - e.g. strategic planning for the authority
  - b) Stewardship of assets - e.g. asset management planning
  - c) Value for money - e.g. option appraisal
  - d) Prudence & sustainability - e.g. implications for external borrowing and whole life costing
  - e) Affordability - e.g. implications for Council Tax
  - f) Practicality – achievability of the forward plan

Matters of affordability and prudence are primary roles for the Prudential Code.

- 3.1.10 The executive summary from the Prudential Code (Fully Revised Second Edition 2009) is attached for information at Annex A.

## **3.2 Issues**

### Prudential Indicators

- 3.2.1 In total there are now thirteen prudential indicators, covering between them the areas of affordability, prudence, capital expenditure, external debt, and treasury management, as set out below.

Those shown in italics relate to actuals for the previous year to be taken from information in the local authority's Statement of Accounts.

#### Affordability

- Estimate of the ratio of financing to net revenue stream
- *Actual ratio of financing to net revenue stream*
- Estimate of the incremental impact of capital investment decisions on the council tax
- Estimate of the incremental impact of capital investment decisions on the housing rents



### Prudence

- Net borrowing and the capital financing requirement

### Capital Expenditure

- Estimates of capital expenditure
- *Actual capital expenditure*
- Estimates of capital financing requirement
- *Actual capital financing requirement*

### External Debt

- Authorised limit for external debt
- Operational boundary for external debt
- *Actual external debt*

### Treasury Management

- Adoption of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

3.2.2 In respect of the indicators for affordability and those for capital expenditure, separate figures are required to be reported for the General Fund and HRA.

3.2.3 The proposed prudential indicators for 2010-11 to 2012-13 are set out below. These exclude those indicators that are actuals for the previous year taken from information in the local authority's Statement of Accounts (as shown in italics in the paragraph above). The 2009-10 outturn figures for these indicators will be reported to Cabinet and Council following the closure of the 2009-10 accounts.

The proposed prudential indicators below are also shown in the attached Annex B with a commentary that explains each of the indicators in more detail.

## Affordability

### a) Estimate of the ratio of financing costs to net revenue stream

Ratio of financing costs to net revenue stream				
		2010-11	2011-12	2012-13
		Estimate	Estimate	Estimate
		%	%	%
General Fund		6.51	4.74	3.93
HRA		18.38	18.02	18.64

### b) Estimate of the incremental impact of capital investment decisions on the council tax

Estimates of incremental impact of new capital investment decisions on the Council Tax	
	General Fund
	£ p
2010-11	3.35
2011-12	6.68
2012-13	8.08

### c) Estimate of the incremental impact of capital investment decisions on the housing rents

Estimates of incremental impact of new capital investment decisions on weekly housing rents	
	HRA
	£ p
2010-11	1.57
2011-12	0.63
2012-13	0.00

## Prudence

### d) Net borrowing and the capital financing requirement (CFR)

Net external debt less than CFR	
	2010-11 £000
Borrowing	31,726
Less investments	57,400
Net external debt	0
2009-10 Closing CFR (Forecast)	19,481
Changes to CFR:	
2010-11	5,403
2011-12	4,951
2012-13	9,209
Adjusted CFR	39,044
Net external debt less than adjusted CFR	Yes

## Capital Expenditure

### e) Estimate of capital expenditure

Capital Expenditure				
		2010-11	2011-12	2012-13
		Estimate £000	Estimate £000	Estimate £000
General Fund		9,579	5,472	5,445
HRA		15,911	16,720	16,754
<b>Total</b>		25,490	22,192	22,199

f) Estimates of capital financing requirement (CFR)

Capital Financing Requirement (Closing CFR)			
	2010-11	2011-12	2012-13
	31 March 2011 Estimate £000	31 March 2012 Estimate £000	31 March 2013 Estimate £000
General Fund	31,059	31,964	32,814
HRA	(6,175)	(2,129)	6,230
<b>Total</b>	<b>24,884</b>	<b>29,735</b>	<b>39,044</b>

External Debt

g) Authorised limit for external debt

Authorised limit for external debt			
	2010-11	2011-12	2012-13
	Limit £000	Limit £000	Limit £000
Borrowing	48,000	48,000	53,000
Other long-term liabilities	2,000	2,000	2,000
<b>TOTAL</b>	<b>50,000</b>	<b>50,000</b>	<b>55,000</b>

h) Operational boundary for external debt

Operational boundary for external debt			
	2010-11	2011-12	2012-13
	Boundary £000	Boundary £000	Boundary £000
Borrowing	43,000	43,000	48,000
Other long-term liabilities	2,000	2,000	2,000
<b>TOTAL</b>	<b>45,000</b>	<b>45,000</b>	<b>50,000</b>

## Treasury Management

- i) Adoption of the CIPFA code of Practice for Treasury Management in the Public Services

The Treasury Management Strategy 2010-11 to 2012-13 report on this agenda asks Cabinet to recommend to Council that they adopt the fully revised second edition of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2009), as set out at Annex A of that report, replacing paragraph 5.9 of the existing Financial Regulations.

### **3.3 Choices (Options)**

- 3.3.1** Cabinet are asked to recommend to Council that they approve the prudential indicators set out at paragraph 3.2.3 above.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 The setting of the prudential indicators for 2010-11 to 2012-13 is undertaken in the context of the Council's Medium Term Financial Strategy, Capital Strategy and Treasury Strategy, and sets the Council's prudential indicators for the coming year, and subsequent two years.

### **4.2 Resources and Risk**

- 4.2.1 The Prudential Code requires that risk analysis and risk management strategies should be taken into account in respect of all capital financing, treasury management and related activities. Treasury management has the same definition as in the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes: The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 4.2.2 The prudential indicators will provide a framework in 2010-11 in which the Council conducts its capital financing activities, consistent with good risk management, and alongside its treasury strategy. They will be monitored throughout the year and reported to Cabinet on a regular basis.
- 4.2.3 The proposed prudential indicators have taken account of the existing structure of borrowing and all reasonable restructuring activity that might occur. They are consistent with the Council's capital programme, Capital Strategy, and Treasury Management Strategy for 2010-11 to 2012-13, which are all brought to this Cabinet for recommendation for approval by Council on 25 February 2010.

- 4.2.4 Officers have considered whether there are any significant risks that could potentially prevent the Council from achieving its plans at the desired levels of affordability and prudence. These are considered at Annex B at individual indicator level.
- 4.2.5 In addition to there is a risk that proposed changes to the arrangements for housing finance and the HRA subsidy mechanism could have a significant impact on the Council's capital financing and borrowing position at some point in the coming three-year period. The details, impacts and timing of such changes are not yet known, and a separate report will be brought to Cabinet (and Council if applicable) at a later date.

#### **4.3 Legal**

- 4.3.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Local authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc and Accounts) and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.
- 4.3.2 This includes the requirement that prudential indicators, other than actuals that are taken from information in the local authority's Statement of Accounts, are required to be set and where they are revised, revised through the processes established for the setting and revising of the budget for the local authority.

#### **4.4 Equality**

- 4.4.1 No equalities issues have been identified as a result of this report.

#### **4.5 Consultees (Internal and External)**

- 4.5.1 The capital investment plans that drive much of the capital finance activity that underpins the prudential indicators are subject to consultation, as follows:
- The capital project appraisals and project variations for the schemes in the capital programme are put together by project managers, in consultation with officers and members.
  - Consultation with stakeholders is undertaken as appropriate on individual capital schemes.

#### **4.6 How the Proposals deliver Priority Outcomes**

- 4.6.1 Adherence to the Prudential Code is a statutory requirement and also represents best practice. It contributes positively to Comprehensive Area Assessment (CAA) Use of Resources requirements. This supports the Council's priority to be "an efficient well-managed organisation that puts our customers at the heart of what we do".

#### **4.7 Other Implications**

- 4.7.1 There are no other specific implications arising from this report.

## **5. Background Papers**

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### **5.1 Legislative and Regulatory Framework**

- CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes 2001
- Local Government Act 2003
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- CIPFA Prudential Code for Capital Finance in Local Authorities 2003
- ODPM Guidance on Local Government Investments 2004
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Second Edition 2006)
- CIPFA Prudential Code for Capital Finance in Local Authorities – Fully Revised Guidance Notes for Practitioners 2007
- The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008
- CIPFA Prudential Code for Capital Finance in Local Authorities. Fully Revised Second Edition 2009
- CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition) 2009
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Third Edition) 2009
- CLG Changes to the Capital Finance System – Consultation (November 2009)

### **5.2 Cabinet/Council Reports**

- Financial Regulations - Report to Council 19 November 2007 (Contains formal adoption of the CIPFA Code of Practice for Treasury Management)
- Capital Programme 2010-11 to 2012-13 - Report to Cabinet 24 February 2010
- Treasury Strategy 2010-11 to 2012-13 - Report to Cabinet 24 February 2010
- General Fund Revenue Budget 2010-13 - Report to Cabinet 24 February 2010

**Bev Dixon, Finance Manager – Capital & Treasury, ext 7401**

# **The Prudential Code for Capital Finance in Local Authorities Fully Revised Second Edition (2009)**

## **EXECUTIVE SUMMARY**

### **INTRODUCTION**

**E1** The Prudential Code plays a key role in capital finance in local authorities. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA, the Chartered Institute of Public Finance and Accountancy, as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by Regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003 and in Scotland under Part 7 of the Local Government in Scotland Act 2003.

### **OBJECTIVES**

**E2** The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. In exceptional cases the Prudential Code should provide a framework, which will demonstrate that there is a danger of not ensuring this, so that the local authority concerned can take timely remedial action.

**E3** To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Prudential Code does not include suggested indicative limits or ratios. These will be for the local authority to set itself, subject only to any controls under section 4 of the Local Government Act 2003 (England and Wales) and Section 36 of the Local Government in Scotland Act 2003 (Scotland).

**E4** The prudential indicators required by the Prudential Code are designed to support and record local decision making in a manner that is publicly accountable. They are not designed to be comparative performance indicators. They should be considered in parallel with the treasury management indicators required by the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*.

### **SCOPE**

**E5** The Prudential Code applies to all local authorities, including police, fire and other authorities.



## **PROCESS AND GOVERNANCE ISSUES**

**E6** The Prudential Code sets out a clear governance procedure for the setting and revising of prudential indicators. This will be done by the same body that takes the decisions for the local authority's budget – usually it will be the full council for the authority concerned. The chief finance officer will be responsible for ensuring that all matters required to be taken into account are reported to the decision-making body for consideration, and for establishing procedures to monitor performance.

**E7** Prudential indicators for previous years will be taken directly from information in local authorities' Statements of Accounts. If any item within a local authority's Statement of Accounts that is relied on for a prudential indicator is the subject of audit qualification, this must be highlighted when the prudential indicators are set or revised.

## **MATTERS REQUIRED TO BE TAKEN INTO ACCOUNT**

**E8** In setting or revising their prudential indicators, the local authority is required to have regard to the following matters:

- Service objectives, e.g. strategic planning for the authority
- Stewardship of assets, e.g. asset management planning
- Value for money, e.g. option appraisal
- Prudence and sustainability, e.g. implications for external borrowing and whole life costing
- Affordability, e.g. implications for council tax
- Practicality, e.g. achievability of the forward plan.

**E9** The Local Government Act 2003 and Local Government in Scotland Act 2003 refer to affordability and the requirement that a local authority determine and keep under review the amount of money it can afford to borrow for capital investment. In order to carry out their duties under legislation in respect of affordability, local authorities are required to have regard to all those aspects of the Prudential Code that relate to affordability, sustainability and prudence.

## **DECISION MAKING ON CAPITAL INVESTMENT**

**E10** A soundly formulated capital programme must be driven by the desire to provide high quality, value for money public services. The Prudential Code recognises that in making its capital investment decisions the authority must have explicit regard to option appraisal, asset management planning, strategic planning for the authority and achievability of the forward plan.

**E11** The Prudential Code does not specify how the local authority should have regard to these factors. All of them represent elements of good practice for which guidance has already been provided by CIPFA and other authoritative sources. The Prudential Code instead concentrates on the means by which the authority will demonstrate that its proposals are affordable, prudent and sustainable.

## AFFORDABILITY

**E12** The fundamental objective in the consideration of the affordability of the authority's capital plans is to ensure that the total capital investment of the authority remains within sustainable limits, and in particular to consider its impact on the local authority's 'bottom line' and hence council tax. Affordability is ultimately determined by a judgement about acceptable council tax levels.

**E13** In considering the affordability of its capital plans, the authority is required to consider all of the resources currently available to it/estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years. The authority is also required to consider known significant variations beyond this timeframe. This requires the development of three-year revenue forecasts as well as three-year capital expenditure plans. These are rolling scenarios, *not* fixed for three years.

**E14** When considering affordability, the authority needs to pay due regard to risk and uncertainty. Risk analysis and risk management strategies should be taken into account.

**E15** The following prudential indicators are key indicators of affordability:

Looking ahead for a three-year period:

- Estimates of the ratio of financing costs to net revenue stream
- Estimates of the incremental impact of capital investment decisions on the council tax

After the year end:

- Actual ratio of financing costs to net revenue stream.

**E16** Other prudential indicators that relate to affordability are:

Looking ahead for a three-year period:

- Estimates of capital expenditure
- Estimates of capital financing requirement (underlying need to borrow for a capital purpose)
- Authorised limit for external debt (see paragraph E17 below)
- Operational boundary for external debt (see paragraph E17 below).

After the year end:

- Actual capital expenditure
- Actual capital financing requirement
- Actual external debt.

**E17** Both the authorised limit and the operational boundary for external debt need to be consistent with the authority's plans for capital expenditure and financing; and with its treasury management policy statement and practices. Risk analysis and risk management strategies should be taken into account. The operational boundary should be based on the authority's estimate of most likely, i.e. prudent, but not worst-case scenario and should equate to the maximum level of external debt projected by this estimate. The operational boundary is a key management tool for in-year monitoring. It will probably not be significant if the operational boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and should lead to further investigation and action as appropriate. The authorised limit will in addition

need to provide headroom over and above the operational boundary, sufficient for example for unusual cash movements.

## **PRUDENCE**

**E18** By virtue of the requirements already listed above, the prudential indicators in respect of external debt must be set and revised taking into account their affordability. It is through this means that the objectives of sustainability and prudence are addressed year on year.

**E19** In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. Where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy.

**E20** It is also prudent that treasury management is carried out in accordance with good professional practice. The Prudential Code requires local authorities to adopt the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes*.

## **THE PRUDENTIAL INDICATORS**

**E21** The Prudential Code promotes transparency in decision making by using information contained within the published Statements of Accounts of the local authority and by having definitions for prudential indicators that are consistent with the definitions used within the Statements of Accounts.

**E22** The prudential indicators specified in the Prudential Code are the minimum required. Local authorities are encouraged to set further prudential indicators where this would assist their own management processes. However, any additional prudential indicators set locally should not, unless required to do so by legislation, associate any part of the authority's external borrowing with particular items, categories or purposes of expenditure. The authority should have an integrated treasury management strategy within which its borrowing and investments are managed in accordance with best professional practice.

## **CONCLUSION**

**E23** The Prudential Code supports the system of capital investment in local authorities. It is integrated within the wider statutory and management processes of local government. Key elements of the system continue to be determined through legislation, in particular the amount required to be charged to taxation by local authorities in respect of capital investment and the amount and method of government support for capital investment. These will be significant considerations when local government takes decisions on capital investment. However, the level of capital investment that can be supported will, subject to affordability and sustainability, be a matter for local decision.

## Prudential Indicators 2010-11 to 2012-13

### Affordability

#### a) Estimates of ratio of financing costs to net revenue stream

The indicator has been calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers for the non-HRA element, and by total HRA income for the HRA element. The objective is to enable trends to be identified.

The General Fund figures show decreases across the three years. This is mainly due to the impact of forecasts of rising interest rates on investment income, offsetting any increases in costs as a result of planned borrowing.

The relatively high ratio for the HRA across all years (compared to General Fund) reflects the requirement to include depreciation in the financing costs, as represented by the value of the Major Repairs Allowance (MRA). This is not required in the General Fund figures.

The figures used for the net revenue stream for 2010-11 and onwards are dependent upon the General Fund and HRA revenue budgets to be agreed by Council and are therefore subject to change. If applicable, updated figures will be provided to Cabinet and Council at the earliest opportunity.

Ratio of financing costs to net revenue stream				
		2010-11	2011-12	2012-13
		Estimate %	Estimate %	Estimate %
General Fund		6.51	4.74	3.93
HRA		18.38	18.02	18.64

Risk – Debt financing costs relating to past and current capital programmes have been estimated in accordance with proper practices. Actual costs will be dependant on the phasing of capital expenditure and prevailing interest rates, and will be closely managed and monitored on an ongoing basis. Slippage in the capital programme, whether planned or unplanned, will delay the impacts of debt financing costs to future years.

## **b) Estimates of the incremental impact of new capital investment decisions on the Council Tax**

This indicator represents an estimate of the incremental impact of new capital investment decisions on the annual Council Tax (Band D). It is intended to show the effect on the Council Tax of approving additional capital expenditure.

It is anticipated that General Fund capital expenditure of £6.657m will be financed by borrowing over the three-year period from 2010-11 to 2012-13 as a result of the proposed capital programme put forward. This will generate costs to the debt financing revenue budget in the form of repayments of interest (or, for “internal borrowing” from cash flow, loss of interest on investments) and of principal (MRP). Interest costs are calculated as starting in the same year as the initial capital expenditure; MRP charges will commence from the year following the capital expenditure – i.e. from 2011-12.

New regulations that came into force in February 2008 require local authorities to make ‘prudent provision’ for the repayment of debt instead of using the 4% reducing balance basis that was formerly prescribed. A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment of debt should be more closely aligned to the useful life of the asset or assets for which the borrowing has been carried out.

The costs shown below represent the incremental impact on Council Tax of the unsupported (or prudential) borrowing that is being met directly from revenue budgets (i.e. interest and principal repayments) from capital expenditure schemes starting in 2010-11 (and including continuation schemes from 2009-10).

In practice the incremental costs of borrowing for the capital programme are incorporated into the calculations for the revenue budget build along with all other proposed budget increases and savings, and are considered as part of an overall package of affordability.

The rising trend is a result of both the delay in charging of MRP (outlined above) and the impacts of profiling of expenditure on some schemes into future years.

Estimates of incremental impact of new capital investment decisions on the council tax	
	General Fund
	£ p
2010-11	3.35
2011-12	6.68
2012-13	8.08

**c) Estimate of incremental impact of new capital investment decisions on average weekly housing rent**

This represents an estimate of the incremental impact of new capital investment decisions on average weekly housing rents.

The costs of prudential borrowing to fund HRA expenditure in a negative HRA CFR position are largely recovered through Housing Subsidy, and there is no direct impact on housing rents.

HRA revenue contributions of £1m and £400k respectively are planned for HRA capital expenditure on council dwellings in 2010-11 and 2011-12, resulting in the notional impacts shown in the table below on housing rents.

However, in practice the incremental costs of revenue impacts from the HRA capital programme are incorporated into the calculations for the HRA budget build along with all other proposed budget increases and savings, and subsidy impacts, and are considered as part of an overall package of affordability and impacts on rents.

Estimates of incremental impact of new capital investment decisions on weekly housing rents	
	HRA
	£ p
2010-11	1.57
2011-12	0.63
2012-13	0.00

## **Prudence**

### **d) Net borrowing and capital financing requirement**

This is the key indicator of prudence. It is intended to show that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital requirement for the current and new two financial years.

The Council's net external debt figure is a negative figure – ie investments are in excess of debt. The net external debt figure has therefore been presented as zero.

Forecast net external debt for 2010-11 falls below the adjusted Capital Financing Requirement.

Net external debt less than CFR	
	2010-11 £000
Borrowing	31,726
Less investments	57,400
<b>Net external debt</b>	<b>0</b>
2009-10 Closing CFR (Forecast)	19,481
Changes to CFR:	
2010-11	5,403
2011-12	4,951
2012-13	9,209
<b>Adjusted CFR</b>	<b>39,044</b>
Net external debt less than adjusted CFR	Yes

Risk – Where there is a significant difference between the net and the gross borrowing position the prudential code requires that the risks and benefits should be clearly stated in the annual strategy. This is covered in the Council's Treasury Strategy (Annex D; Section 9)

## **Capital Expenditure**

### **e) Estimate of capital expenditure**

This indicator requires reasonable estimates of the total of capital expenditure to be incurred during the forthcoming financial year and at least the following two financial years.

The draft capital programme for 2010-11 to 2012-13 is included elsewhere on this agenda and the figures below are taken from that report.

Estimates include continuation schemes from previous years. Outline proposals for new bids starting in 2011-12 and 2012-13 are not included at this stage. The programme will be adjusted as necessary in line with the actual bids submitted and the resources available when the annual programmes for the two years are agreed.

Capital Expenditure				
		2010-11	2011-12	2012-13
		Estimate	Estimate	Estimate
		£000	£000	£000
General Fund		9,579	5,472	5,445
HRA		15,911	16,720	16,754
<b>Total</b>		<b>25,490</b>	<b>22,192</b>	<b>22,199</b>

Risk – There is a real risk of cost variations to planned expenditure against the capital programme, arising for a variety of reasons, including tenders coming in over or under budget, changes to specifications, and slippage or acceleration of project phasing. There is also the possibility of needing to bring urgent and unplanned capital works into the capital programme. The risks are managed by officers on an ongoing basis, by means of active financial and project monitoring, with monthly reports to Cabinet.

The availability of financing from capital receipts, grants and external contributions also carries significant risk. This can be particularly true of capital receipts, where market conditions are a key driver to the flow of funds, causing particular problems in a depressed or fluctuating economic environment. A prudent approach has been taken to this in the proposed capital programme for 2010-11 to 2012-13; in order to minimise risk there is no reliance placed on unrealised receipts.

The financing position of the capital programme is closely monitored by officers on an ongoing basis and reported to Cabinet.



## f) Estimate of capital financing requirement (CFR)

External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. The CFR can be understood as the Council's underlying need to borrow money long term for a capital purpose – that is, after allowing for capital funding from capital receipts, grants, third party contributions and revenue contributions.

The council is required to make reasonable estimates of the total CFR at the end of the forthcoming financial year and the following two years thereafter. A local authority that has an HRA must identify separately estimates of the HRA and General Fund CFR.

The CFR has been calculated in line with the methodology required by the relevant statutory instrument and the guidance to the Prudential Code. It incorporates the actual and forecast borrowing impacts of the Council's previous, current and future capital programmes.

Capital Financing Requirement (Closing CFR)			
	2010-11	2011-12	2012-13
	31 March 2011 Estimate £000	31 March 2012 Estimate £000	31 March 2013 Estimate £000
General Fund	31,059	31,964	32,814
HRA	(6,175)	(2,129)	6,230
<b>Total</b>	<b>24,884</b>	<b>29,735</b>	<b>39,044</b>

The forecast trend is for both the GF and HRA CFR to increase over the coming three-year period as new borrowing is undertaken to support proposed capital programme expenditure. This trend is most marked for the HRA CFR, which will move from its current negative position towards a positive figure, as new borrowing is used to support expenditure on the decent homes programme, and the planned PFI schemes. This will have impacts for recharges of debt financing and debt management costs to the HRA under "Item 8" charges. Currently there is a net cost to the General Fund for these charges; from 2012-13 this is likely to switch to a net cost to the HRA.

The changes to CFR for future years (2011-12 and 2012-13) are subject to future Council decisions in respect of the capital programme for those years

## **External Debt**

### **g) Authorised limit for total external debt**

For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long term liabilities for years 1, 2 and 3.

This requires the setting for the forthcoming financial year and the following two financial years of an authorised limit for total external debt (including temporary borrowing for cash flow purposes), gross of investments, separately identifying borrowing from other long term liabilities.

The authorised limit represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is “prudent” and be consistent with plans for capital expenditure and financing. It contains a provision for forward funding of future years capital programmes, which may be utilised if current interest rates reduce significantly but are predicted to rise in the following year.

This limit is based on the estimate of the most likely but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements.

The Council is asked to approve these limits and to confirm the existing delegated authority to the S.151 Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the Council. Any such changes will be reported to the Council at its next meeting following the change.

Authorised limit for external debt			
	2010-11	2011-12	2012-13
	Limit £000	Limit £000	Limit £000
Borrowing	48,000	48,000	53,000
Other long-term liabilities	2,000	2,000	2,000
TOTAL	50,000	50,000	55,000

Other long-term liabilities, shown above, relate to finance leases, which are currently at negligible values, but which may increase with the introduction of IFRS related accounting changes.

Risk – Risk analysis and risk management strategies have been taken into account in setting this indicator, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

**h) Operational Boundary for total external debt**

The proposed operational boundary is based on the same estimates as the authorised limit. However it excludes the additional headroom included within the authorised limit to allow for unusual cash movements.

The operational boundary represents a key management tool for in year monitoring by the S.151 Officer. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

The Council is also asked to confirm the existing delegated authority to the S.151 Officer, within the same operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at the next meeting following the change.

Operational boundary for external debt			
	2010-11	2011-12	2012-13
	Boundary £000	Boundary £000	Boundary £000
Borrowing	43,000	43,000	48,000
Other long-term liabilities	2,000	2,000	2,000
TOTAL	45,000	45,000	50,000

Risk – Risk analysis and risk management strategies have been taken into account in setting this indicator, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

**Treasury Management****i) Adoption of the CIPFA Code of Practice for Treasury Management**

The Prudential Code requires that the local authority has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes.

On 19 November 2007 the Council approved updated Financial Regulations, including at paragraph 5.9 the adoption of CIPFA's Treasury Management in the Public Services: Code of Practice, and the specific adoption of the key recommendations as described in Section 4 of that code.

In the light of the impacts on local authorities of the Icelandic bank situation in 2008, CIPFA has now published (in 2009) fully revised second editions of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and the Guidance Notes for Local Authorities, including the template for the revised Treasury Management Policy Statement.

The Treasury Management Strategy 2010-11 to 2012-13 report on this agenda asks Cabinet to recommend to Council that they adopt the revised Code as set out at Annex A of that report, replacing paragraph 5.9 of the existing Financial Regulations.

Fully updated TMPs and TMP Schedules are also included in the proposed Treasury Management Strategy for 2010-11 to 2012-13.

Risk – Effective risk management is a fundamental requirement for the treasury management function, and this theme runs explicitly through the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Council's Treasury Management Strategy for 2010-11 to 2012-13 discusses the ways in which treasury management risk will be determined, managed and controlled.

Ensuring that treasury management is carried out in accordance with good professional practice is an essential feature of prudence. The treasury management indicators required by the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes and included in the proposed Treasury Management Strategy for 2010-11 to 2012-13 are designed to help demonstrate prudence.

**Appendices**

**8**



**NORTHAMPTON**  
**BOROUGH COUNCIL**

**Item No.**

**11**

## **CABINET REPORT**

<b>Report Title</b>	<b>TREASURY STRATEGY 2010-11 to 2012-13</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	24 February 2010
<b>Key Decision:</b>	YES
<b>Listed on Forward Plan:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	Finance and Support
<b>Accountable Cabinet Member:</b>	David Perkins
<b>Ward(s)</b>	Not Applicable

### **1. Purpose**

The purpose of the report is to bring to Cabinet:

- An update to Financial Regulations in respect of the adoption of the revised CIPFA Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009)
- The Treasury Management Policy Statement
- The Treasury Management Practices (TMPs) and TMP Schedules for 2010-11
- The Treasury Strategy for 2010-11

## **2. Recommendations**

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2.1 That Cabinet recommend to Council that they approve:

- a) The adoption of the revised CIPFA Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009)
- b) The replacement of existing paragraph 5.9 of the Council's Financial Regulations with the wording at Annex A
- c) The Treasury Management Policy Statement at Annex B
- d) The Treasury Management Practices (TMPs) and TMP Schedules for 2010-11 at Annex C
- e) The Treasury Strategy for 2010-11 at Annex D, incorporating:
  - (i) The Capital Financing and Borrowing Strategy for 2010-11 including:
    - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
    - The Affordable Borrowing Limit for 2010-11 as required by the Local Government Act 2003.
  - (ii) The Investment Strategy for 2010-11 as required by the CLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

2.2 That Cabinet recommend to Council that they note:

- a) The proposed Debt Financing Budget 2010-11 to 2011-12 (paragraph 3.2.15 and Annex F).
- b) Adherence to the Council's policy on reserves and balances (paragraph 3.2.16).
- c) Compliance with the requirement under the Local Government Finance Act 1992 to produce a balanced budget (paragraph 3.2.17 & 3.2.18).

### **3. Issues and Choices**

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#### **3.1 Report Background**

##### **Treasury Management in the Public Services - CIPFA Code of Practice**

- 3.1.1 On 19 November 2007 the Council approved updated Financial Regulations, including at paragraph 5.9 the adoption of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), and the specific adoption of the key recommendations as described in Section 4 of that code.
- 3.1.2 In the light of the impacts on local authorities of the Icelandic bank situation in 2008, CIPFA has now published (in 2009) a fully revised second edition of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and a fully revised third edition of the Guidance Notes for Local Authorities.
- 3.1.3 It is a requirement of the Code that this Council should formally adopt the updated Code. Cabinet is asked to recommend to Council that they adopt the revised Code as set out at Annex A, replacing paragraph 5.9 of the existing Financial Regulations.
- 3.1.4 Officers have prepared this report and the accompanying annexes to incorporate the requirements of the updated code throughout.

##### **CIPFA Prudential Code for Capital Finance in Local Authorities**

- 3.1.5 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code), published in October 2003, introduced enhanced requirements for the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.
- 3.1.6 The Prudential Code requires the Council to set a range of prudential indicators for capital finance and a report setting out the prudential indicators for 2010-11 to 2012-13 is included elsewhere on this agenda.
- 3.1.7 CIPFA has issued a revised Prudential Code in 2009. Three of the existing prudential indicators have now been re-classified as treasury indicators, and these are included in this report:
- Authorised limit for external debt
  - Operational boundary for external debt
  - Actual external debt.
- 3.1.8 The code states that all the indicators are to be presented together as one suite. The Council's prudential and treasury indicators have all been set within an integrated strategy for capital expenditure and financing, and treasury management, and they are both brought to this same budget setting meeting for approval. The Council's Treasury Strategy includes both the prudential indicators relating to treasury and the treasury indicators.

- 3.1.9 The Prudential Code requires that where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy. This is covered in the Council's Treasury Strategy attached at Annex D at Section 9.

## **3.2 Issues**

### **Economic Background**

- 3.2.1 The UK, along with most major world economies, began 2009 in recession following the worldwide banking crisis of 2008. Banks were reluctant to lend due to fears over their weakened balance sheets, and many governments were forced to rescue their major banks in order to prevent the collapse of the world banking system. Central bank rates were cut in an attempt to counter the recession; the UK bank base rate was cut to 0.5% in March 2009 and has remained at this level throughout the year.
- 3.2.2 Worldwide, government debt increased as more support was given to failing banks, and the sovereign ratings of several countries were downgraded due to weak growth and increased debt. Standard and Poor's placed the UK's sovereign rating on negative outlook in May 2009, following concerns that UK government debt could approach 100% of GDP. The credit ratings of many worldwide banks continued to be unstable throughout the year, and while the frequency of downgrades has now decreased, negative rating watches remain in place for many counterparties.
- 3.2.3 While economic growth returned in the US and the EU in the third quarter of 2009, recovery in the UK has been slower, and the recession continued until January 2010. When the UK finally came out of recession, the level of growth was disappointing, at just 0.1%.
- 3.2.4 Opinion is divided on the speed and strength of recovery of the major world economies, and interest rate forecasts vary widely between analysts. In the UK the forthcoming general election is causing uncertainty for forecasters, but regardless of the outcome bank base rate is not expected to increase until the third quarter of 2010 at the earliest.

### **Local Impact**

- 3.2.5 External events have continued to have a significant impact on the Council's debt financing budget. The low bank base rate led to an overall reduction in investment rates; in addition to this the reluctance of banks to lend money led to a lack of demand for funds, and those banks willing to accept deposits offered lower rates. As anticipated, rates of return on the Council's investments have fallen significantly throughout the year; the average monthly rate of return on investments fell from 3.05% to 1.04% between March and November, as investments placed before the banking crisis matured and the funds were reinvested at lower rates.
- 3.2.6 Following the collapse of the Icelandic banks in 2008, the Council's list of approved investment counterparties was severely restricted and the



maximum investment period shortened in order to safeguard investments. These changes led to decreased return on investments, as short term investment rates were significantly lower than longer term rates and the limited number of available investment counterparties led to more deposits being placed with the UK Debt Management Office, at rates below bank base rate.

- 3.2.7 In November 2009, following a period of increased stability of credit ratings, the maximum period for investments with counterparties on the Council's existing counterparty list was extended from 3 months to 12 months, subject to (a) the investment being within the Council's external treasury adviser's recommended time limit for the counterparty, and (b) that a maximum of £10m is invested in this way. £6m has now been invested for periods between 3 and 12 months, which has led to a slight increase in the monthly rate of return on investments.
- 3.2.8 The situation continues to be fluid, and it is essential to have a counterparty selection policy that can respond quickly to changes. A balanced view must be taken, but management of risk must take a higher priority over returns, so that the Council's balances are protected. Policies for the management of credit and counterparty risk are set out at Section 1 of TMP 1 (including the accompanying schedules), attached at Annex C. The Council's proposed approach for 2010-11 is set out at Section 18 of the Treasury Management Strategy attached at Annex D.

### **Treasury Management Policy Statement**

- 3.2.9 The Council's Treasury Management Policy Statement is set out at Annex B. The statement follows the wording recommended by the revised CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes.

### **Treasury Management Practices (TMPs)**

- 3.2.10 The Council's Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.
- 3.2.11 The TMPs are set out at Annex C, and are split as follows:
- Part 1: Main Principles
  - Part 2: Schedules
- 3.2.12 The Main Principles follow the wording recommended by the revised CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes.
- 3.2.13 The Schedules cover the detail of how the Council will apply the Main Principles in carrying out its operational treasury activities.

## **Treasury Management Strategy 2010-11**

3.2.14 The Council's Treasury Management Strategy for 2010-11 is set out at Annex D. The strategy incorporates:

(i) The Capital Financing and Borrowing Strategy for 2010-11 including:

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit for 2010-11 as required by the Local Government Act 2003.

(ii) The Investment Strategy for 2010-11 as required by the CLG (formerly ODPM) Guidance on Local Government Investments issued in 2004. (Updated guidance is due to be published in 2010, with an implementation date of 1 April 2010)

## **Debt Financing Budget 2010-11 to 2012-13**

3.2.15 The debt-financing budget has been prepared in accordance with the requirements of the relevant legislation and guidance and with full regard to the Council's proposed capital programme, treasury strategy and prudential indicators and is included in the Revenue Budget 2010-11 to 2012-13 report to Cabinet. A copy is attached at Annex F for information.

3.2.16 The debt financing budget has been prepared on the basis of the Council's policy on reserves and balances – i.e. to protect balances wherever possible to allow the option of supporting future years' budgets, aiming for a minimum level of unallocated general fund reserves of £2.195m at the end of 2010-11 having regard to the outcome of the financial risk assessment. This policy is included in the Revenue Budget 2010-11 to 2012-13 report to Cabinet and Council.

3.2.17 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from increases in interest charges caused by increased borrowing to finance additional capital expenditure, and any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

3.2.18 The CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes requires this report to include a reference to compliance under the Local Government Act 1992 to produce a balanced budget. Such compliance is demonstrated within the Revenue Budget 2010-11 to 2012-13 report to Cabinet & Council

## **Abbreviations**

3.2.19 A list of abbreviations used in this report and the accompanying annexes is provided at Annex G.

## **3.3 Choices (Options)**

3.3.1 Cabinet are asked to agree the recommendations at paragraph 2 above.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 The Treasury Strategy report sets the Council's policy on its debt and investment portfolios over the next financial year. It is revisited annually and reported to Cabinet and Council as part of the budget setting process.

### **4.2 Resources and Risk**

4.2.1 The resources required to deliver the Council's treasury management strategy and policies over the next three years are incorporated into the Council's debt financing and debt management budgets, which are included in the Council's Revenue Budget 2010-11 to 2012-13 report to Cabinet & Council

4.2.2 Effective risk management is a fundamental requirement for the treasury management function, and this theme runs clearly throughout the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Council's Treasury Management Policy, Treasury Management Practices (TMPs) and Schedules, and Treasury Management Strategy for 2010-11 discuss the ways in which treasury management risk will be determined, managed and controlled.

4.2.3 The Council's appetite for risk must be clearly identified in its strategy report. The Treasury Strategy at Annex D affirms that priority will be given to the security of capital and liquidity when investing funds. This will be carried out by strict adherence to the risk management and control strategies set out in the Schedules to the Treasury Management Practices and the Treasury Management Strategy. Responsibility for risk management and control lie within the Council and cannot be delegated to an outside organisation.

4.2.4 Risks in the debt financing budget have been taken into account in earmarked reserves and in the Risk Assessment of General Fund Reserves

4.2.5 There is a risk that proposed changes to the arrangements for housing finance and the HRA subsidy mechanism could have a significant impact on the Council's capital financing and borrowing position at some point in the coming three-year period. The details, impacts and timing of such changes are not yet known, and a separate report will be brought to Cabinet (and Council if applicable) at a later date.

### **4.3 Legal**

- 4.3.1 The Council is obliged to carry out its treasury management activities in line with statutory requirements and associated regulations and professional guidance. The relevant legislative and regulatory documents are referred to within the report and annexes and listed in the background papers.

### **4.4 Equality**

- 4.4.1 An Equalities Impact Assessment has been carried out on the Council's Treasury Strategy for 2010-11, and the associated Treasury Management Practices (TMPs) and Schedules to the TMPs. This is attached at Annex H.
- 4.4.2 As a result of that assessment, it should be noted that the potential impact of the strategy and associated documents (including Treasury Management Practices (TMPs) and the Schedules to the TMPs) on the different equalities groups must be considered as it is developed and put together each year. This includes the consideration of the potential impact on the different equalities groups of any processes, procedures or outcomes arising from these.

### **4.5 Consultees (Internal and External)**

- 4.5.1 Consultation on treasury management matters is undertaken as appropriate with the Council's external treasury advisers and with the Portfolio holder for Finance.

### **4.6 How the Proposals deliver Priority Outcomes**

- 4.6.1 The Council is required to keep its treasury management strategy under review and monitor against it. The strategy reflects the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services (Fully Revised Second Edition) 2009. This contributes positively to Comprehensive Area Assessment (CAA) Use of Resources requirements, and supports the Council's priority to be "an efficient well-managed organisation that puts our customers at the heart of what we do".

### **4.7 Other Implications**

- 4.7.1 No other implications have been identified.

## **5. Background Papers**

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### **5.1.1 Statute, Regulation and Guidance**

- CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes 2001
- Local Government Act 2003
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- CIPFA Prudential Code for Capital Finance in Local Authorities 2003
- ODPM Guidance on Local Government Investments 2004
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Second Edition 2006)
- CIPFA Prudential Code for Capital Finance in Local Authorities – Fully Revised Guidance Notes for Practitioners 2007
- The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008
- CIPFA Prudential Code for Capital Finance in Local Authorities (Fully Revised Second Edition) 2009
- CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition) 2009
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Third Edition) 2009
- CLG Changes to the Capital Finance System – Consultation (November 2009)

### **5.1.2 Reports to Cabinet & Council**

- Financial Regulations - Report to Council 19 November 2007 (Contains formal adoption of the CIPFA Code of Practice for Treasury Management)
- Capital Programme 2010-11 to 2012-13 - Report to Cabinet 24 February 2010
- Treasury Strategy 2010-11 to 2012-13 - Report to Cabinet 24 February 2010
- General Fund Revenue Budget 2010-13 - Report to Cabinet 24 February 2010
- Prudential Indicators for Capital Finance 2010-11 2012-13 - Report to Cabinet 24 February 2010

**Bev Dixon, Finance Manager – Capital & Treasury, ext 7401**

## **Northampton Borough Council**

### **Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services**

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Code), and specifically adopts the key recommendations as described in Section 5 of the Code.

1. Northampton Borough Council will create and maintain, as the cornerstones for effective treasury management:
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
  - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

2. Northampton Borough Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. Northampton Borough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
4. Northampton Borough Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

**Northampton Borough Council  
Treasury Management Policy Statement**

1. Northampton Borough Council defines its treasury management activities as:

“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. Northampton Borough Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. Northampton Borough Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

**Treasury Management  
Practices**

**Part 1: Main Principles**

**February 2010**



**TREASURY MANAGEMENT PRACTICES**

The Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives and prescribe how it will manage and control those activities.

TMP 1 Risk management

TMP 2 Performance measurement

TMP 3 Decision-making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP 6 Reporting requirements and management information arrangements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 Money laundering

TMP 10 Training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate governance

Specific details of the systems and routines to be employed and the records to be maintained take the form of schedules to the TMPs, which are also set out in this document (from page 17).

## **TMP 1 TREASURY RISK MANAGEMENT**

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### **General Statement**

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

#### **1) Credit and counterparty risk management**

This Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in *TMP4 Approved instruments methods and techniques* and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financial agreements.

#### **2) Liquidity risk management**

This Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

This Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

### **3) Interest rate risk management**

This Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with *TMP6 Reporting requirements and management information arrangements*.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

### **4) Exchange rate risk management**

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

### **5) Refinancing risk management**

This Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

### **6) Legal and regulatory risk management**

This Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 [1] *credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

### **7) Fraud, error and corruption, and contingency management**

This Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

### **8) Market risk management**

This Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

### **TMP2 PERFORMANCE MEASUREMENT**

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This Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

**TMP3 DECISION-MAKING AND ANALYSIS**

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This Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

### **TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES**

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This Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 *Risk management*.

### **TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS**

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This Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when this Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with *TMP6 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management*.



### **TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS**

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This Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The Council (ie full council) will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's treasury management policy statement and TMPs.

The committee/board/council will receive regular monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such an audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector specific guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.

## **TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

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The responsible officer will prepare, and this Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Performance measurement*, and TMP4 *Approved instruments, methods and techniques*. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 *Reporting requirements and management information arrangements*.

This Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

**TMP8 CASH AND CASH FLOW MANAGEMENT**

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Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this Council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1 [1] *liquidity risk management*. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

**TMP9 MONEY LAUNDERING**

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This Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

**TMP10 STAFF TRAINING AND QUALIFICATIONS**

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This Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

**TMP11 USE OF EXTERNAL SERVICE PROVIDERS**

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This Council recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

**TMP12 CORPORATE GOVERNANCE**

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This Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

**Treasury Management  
Practices**

**Part 2: Schedules**

**February 2010**



## **TREASURY MANAGEMENT PRACTICES - SCHEDULES**

This section contains the schedules that set out the details of how the Treasury Management Practices (TMPs) are put into effect by this Council.

### **Key Principles**

TMP 1 Risk management

TMP 2 Performance measurement

TMP 3 Decision-making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP 6 Reporting requirements and management information arrangements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 Money laundering

TMP 10 Training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate governance

### **SCHEDULES TO THE TMPs - KEY PRINCIPLES**

The key principles of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes are that:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy and should ensure that priority is given to security and liquidity when investing funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

The Schedules to the Treasury Management Practices that follow and the Council's Treasury Strategy at report Annex D, are drafted in the context of these principles, as well as the requirements of the four key clauses (report Annex A), the treasury management policy statement (report Annex B), and the Treasury Management Practices (report Annex C).

## **TMP1 RISK MANAGEMENT**

### **1. Credit and counterparty risk management**

Credit and counterparty risk is the risk of failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital or project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources.

#### ***Specified Investments***

The Council may enter into any type of investment instrument categorised as a specified investment (See TMP4 Approved instruments, methods and techniques). Any type of specified investment that has not habitually been used by the Council – i.e. has not been used within the previous twelve month period, will only be entered into after consultation with the Council's external treasury management advisors, and with the express approval of the Chief Finance Officer.

All investments, with the exception of those to other local authorities and the Governments UK Debt Management Office, will be placed only with those banks, building societies and authorised deposit takers under the Financial Services and Markets Act 2000 and allocated a satisfactory rating by the Council's external treasury management advisors based upon credit ratings issued by the three main rating agencies, and also taking into account other relevant factors (e.g. sovereign ratings and movements in credit default swaps).

#### ***Non-specified investments***

The Council will set a limit each year for the level and type of non-specified investments that may be placed at any one time. This limit will be set in the Annual Investment Strategy and also, for investments over 364 days, in the Prudential Indicators.

The Council may undertake investments over 364 days, which are classified as unspecified investments. The maximum period of investment will be two years. These investments will only be placed with eligible counterparties, after consultation with the Council's external treasury management advisors and with the approval of the Finance Manager, Capital & Treasury.

#### ***Capital Expenditure***

The Council may make loans to third parties for the purpose of capital expenditure as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146)

### ***Counterparties***

The CIPFA Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes has emphatically laid down that the use of credit risk control measures in selecting counterparties with high credit worthiness to place on an approved counterparty list must be a normal and minimum part of day to day treasury management for all local authorities and public bodies.

The Council will use credit criteria in order to select creditworthy counterparties for placing investments with. Credit ratings will be used as supplied by the Council's external treasury management advisors, combining ratings from Fitch, Moody's and Standard and Poor's.

However, sole reliance will not be placed on credit ratings. Professional advice will be taken from the Council's external treasury management advisors on which institutions present the minimum level of risk to the authority. This analysis may include other criteria to determine creditworthiness; for example sovereign ratings and/or credit default swap spreads. These recommendations will form the Council's minimum levels of credit risk.

The Council is alerted to changes in credit ratings, and other relevant data such as rating watches, alerts or outlooks through its use of the creditworthiness service of its external treasury management advisers. Any changes to ratings are notified to the authority immediately and action is then taken to immediately remove them from or add them to the list as appropriate.

The Council will also use other independent external data - for example from market data and information, the quality financial press, information on government support for banks, and the credit ratings of that government support - to further inform its assessment of the financial standing of counterparties on its approved list.

The Chief Finance Officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits.

The counterparty list may be further restricted with the approval of the Chief Finance Officer to limit the exposure of the authority to risk in times of economic or market uncertainty.

Treasury management staff will add or delete counterparties to or from the approved counterparty list in line with the policy on criteria for selection of counterparties, and as appropriate when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers.

The maximum value for any single investment transaction will be £5m.

The maximum level of investment with any counterparty, or group of counterparties will be £12m, with the following exceptions:

- £15m for UK banks or building societies supported by the UK banking system support package
- £15m for UK nationalised or part nationalised banking institutions
- £15m for the UK Debt Management Office
- £15m for other local authorities

Any proposals for adjustments to these maximum lending limits required to enable the effective management of risk in relation to investment will be submitted to Cabinet for approval.

Diversification will be achieved through the use of both UK and overseas counterparties and the application of the maximum investment levels. The maximum percentage of the portfolio that may be placed with overseas counterparties at any one time is 50%.

For the purposes of setting limits, institutions within the same banking group (eg Lloyds Banking Group) will be treated as a single counterparty.

The criteria in place to determine inclusion in the Council's current lending list will be reported as part of the Annual Investment Strategy. This will not limit the Chief Finance Officer's discretion to make temporary or other changes, so long as all investments are in line with the Council's minimum levels of credit risk and the requirements set out above under specified or non-specified investments.

## **2. Liquidity risk management**

Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business or service objectives will thereby be compromised.

Money market investments will be placed with a view to maturity dates which correlate to cashflow needs for the discharge of the Council's liabilities.

Sufficient levels of cash deposits will be kept available in bank and building society deposit accounts, to meet short-term cashflow needs. This will include at least £5m available at 24 hours notice.

Bank balances will be maintained within the terms agreed with the Council's bankers, and by having regard to any constraints on the minimum sum that can effectively be invested.

The Council has an agreed overdraft facility of £200k with its bankers.

The Council may undertake temporary borrowing, in accordance with Part 1 of the Local Government Act 2003, if necessary to maintain a sufficient level of liquidity at a particular point in time.

Under the Local Government Act 2003 local authorities are able to borrow in year for the current year capital programme and for the following two years. The Council's policy on borrowing in advance of need is set out at Section 3 of the Council's Treasury Strategy. Any such borrowings will be invested within the rules of the Council's agreed investment and counterparty policies.

### **3. Interest rate risk management**

Interest rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself.

The upper limits for fixed and variable interest rate exposures in respect of net external debt are set each year by the Council as treasury indicators, in accordance with the Local Government Act 2003 and the associated regulatory framework. These are set out in the Council's Annual Treasury Strategy.

### **4. Exchange rate risk management**

Exchange rate risk is the risk that fluctuations in the levels of foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself.

The Council will only enter into loans and investments that are settled in £ sterling.

### **5. Refinancing risk management**

Refinancing risk management is the risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Council for those refinancings, both capital and current (revenue) and/or that the terms are inconsistent with prevailing market conditions at the time.

A schedule will be maintained of all long-term loans, including maturity profiles, in order to assist with the consideration of possible rescheduling opportunities that may arise as a result of changes to interest rates.

All rescheduling proposals will be fully costed in terms of costs/benefits to the organisation in the short, medium and long term, and in the context of the latest accounting guidance and regulations.

No refinancing of loans will be undertaken without the advice of the Council's external treasury management advisers and the express approval of the Chief Finance Officer.

### **6. Legal and regulatory risk management**

Legal and regulatory risk is the risk that the Council, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

The Council is mindful that all treasury management activities must be carried out within the current legal and regulatory framework.

This includes the following:

- Local Government Act 2003
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- ODPM Guidance on Local Government Investments 2004
- CIPFA Prudential Code for Capital Finance in Local Authorities – Fully Revised Guidance Notes for Practitioners 2007
- The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008
- CIPFA Prudential Code for Capital Finance in Local Authorities (Fully Revised Second Edition) 2009
- CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition) 2009
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Third Edition) 2009
- CLG Changes to the Capital Finance System – Consultation (November 2009)

As well as the statutory and regulatory documents listed above, regard will be had to other relevant statute and guidance - eg as relating to money laundering (see Schedule to TMP9)

The treasury function should also comply with the requirements of the Bank of England revised Non-Investment Products Code (NIPs Code), which was

drawn up by a wide cross-section of market practitioners in April 2009. The NIPs Code, which is market guidance, has no statutory underpinning; and there are no arrangements for supervision or enforcement. CIPFA commends the NIPs Code to its members as good practice to which they should adhere.

Officers responsible for strategic and operational treasury management decisions are required to keep abreast of new legislation and regulations impacting on the treasury management function, and to apply any changes as necessary (See Schedule to TMP10).

Legal and regulatory risks associated with other organisations with which the Council deals in its treasury management activities are managed through counterparty risk management policies.

### **7. Fraud, error and corruption, and contingency management**

This is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

Officers involved in treasury management are explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council. All treasury activities must be carried out in strict accordance with the agreed systems and procedures in order to prevent opportunities for fraud, error and corruption.

#### ***Scheme of delegation and separation of duties***

- (i) The Director of Finance & Support, the Council's Chief Finance Officer (CFO) and Section 151 Officer, has been nominated as the Responsible Officer.

All executive decisions on borrowing, investment or financing have been delegated to the CFO.

- (ii) Finance Manager – Capital & Treasury (FMCT)

The FMCT has been nominated as the Operational Manager and is responsible for managing the overall treasury function and ensuring that at all times there is compliance with the Council's Schedules to the Treasury Management Practices (TMPs).

The FMCT has the authority, together with CFO and other senior officers nominated by the CFO, including the Head of Finance, the Assistant Heads of Finance, and the other Finance Managers, on



being satisfied that procedures have been complied with, to authorise the release of monies from the council's bank account, by whatever means appropriate, to repay monies borrowed or to invest short term temporary cash balances.

The FMCT has the authority, together with the Head of Finance, and the Assistant Head of Finance (Financial Management & Planning), to undertake borrowing from the PWLB or through money brokers on the documented approval of the CFO and being satisfied that all procedures have been complied with.

Neither the FMCT, the Head of Finance, the Assistant Heads of Finance, nor the other Finance Managers are authorised to enter into transactions with brokers for the investment or lending of any monies.

- (iii) The Assistant Accountant (AA) with day-to-day treasury management responsibilities in the Capital & Treasury Team is the main point of contact with the money market. In this capacity the AA is empowered to conclude deals with brokers or directly with counterparties for the investment and lending of monies on behalf of the Council within the conditions and criteria set out within the Schedules to the TMPs.

The AA may also carry out the administrative functions associated with the daily treasury activity in the absence of the Trainee Accountant (TA) – see below.

The CFO will authorise cover staff from within the Finance Section to cover this function in the absence of the AA.

Neither the AA, nor any person nominated to cover their role, is authorised to effect the final approval of monies to be released, by whatever means, from the Council's bank account.

- (iv) The Trainee Accountant (TA) with day to day treasury management responsibilities in the Capital & Treasury Team is responsible for carrying out back office checks on the treasury activities on a daily basis.

The CFO will authorise cover staff from within the Finance Section to cover this function in the absence of the TA.

The TA is also responsible for carrying out the administrative functions associated with the daily treasury activity. In his or her absence the AA may cover these duties.

A schedule will be maintained by the FMCT of all officers currently nominated for each level of delegation set above.

### ***Internal Audit***

The treasury management function will be the subject of an internal audit review each year and full and free access to all records will be given.

This review will include:

- Reviewing compliance with approved policy and procedures
- Reviewing division of duties and operational practices
- Assessing value for money from treasury activities
- Undertaking probity audit of treasury function

### ***Dealing procedures***

All dealing activities will be carried out in line with the Council's documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Strategy.

The AA is responsible for maintaining a schedule of procedure notes, and ensuring that these are made available to all relevant personnel.

All procedure notes will be assigned to a nominated individual who is responsible for reviewing and updating them on a regular basis.

### ***Emergency and contingency planning arrangements***

A business continuity plan is maintained by the FMCT in the format prescribed by the Council in its Risk Management Strategy. This will be backed up by detailed procedure notes, which are reviewed and updated at least annually.

An on-line back up of all data contained on the Council's IT networks is taken at 7am and 12am each working day. A copy is taken each evening at 6pm, which is stored off site at the Guildhall.

In the event of failure of the electronic banking system, Financial Director, bank balances and other daily information that is normally downloaded first thing in the morning can be obtained on the same day by means of a text file from the Co-op bank, which can be used to manually update the Council's records.

In the event of the failure of the electronic CHAPS payment system a manual CHAPS form can be completed and submitted by 3.00pm to the bank for processing that day.

A back-up PC with links to the electronic banking system is kept at the Guildhall, and links and procedure notes are tested on a regular basis.

Treasury management spreadsheets relating to daily activity are held on the central finance network drive (J drive) in a protected directory that can only be accessed by staff with specific treasury roles.

There are at least three trained finance staff to cover each process of the day-to-day treasury function.

### ***Insurance cover details***

Fidelity guarantee insurance cover is in place as required by law and officials indemnity insurance is also held by the Council.

## **8. Market Risk Management**

Market risk management is the risk that, through adverse market fluctuations in the value of principal sums that the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Council does not currently hold any investments that are subject to fluctuations in market value, such as gilts and CDs, and therefore does not currently have in place any procedures or limits for controlling exposure to those instruments. If circumstances change procedures will be put in place and agreed by the CFO before any such financial instruments are arranged. The procedures will require that before using any such investment products the treasury management staff will:

- Fully understand how the investment product works
- Fully understand what degree of risk exposure the product has
- Be comfortable that it is a suitable product that meets the risk appetite of the authority
- Be sure that the product complies with the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition) 2009
- Ensure that they are fully satisfied with the level of security of the product
- Apply value for money principles to optimise investment returns

### TMP 2 PERFORMANCE MEASUREMENT

#### 1. Evaluation of treasury management decisions

##### *Performance reporting to management*

Monthly treasury management meetings are held to review the previous month's treasury activity and to plan for the following month and beyond. The meeting is attended by:

- Assistant Head of Finance (Financial Management and Planning)
- Finance Manager (Capital & Treasury)
- Assistant Accountant responsible for the operational treasury management
- Trainee Accountant responsible for treasury administration and the back office function.

The minutes and performance data arising from each meeting are reported to the Chief Financial Officer and the Head of Finance to provide regular management information on treasury management operations and performance.

The terms of reference for the meeting are as follows:

- 1 To record and review treasury management performance data
- 2 To discuss and agree or recommend actions pertaining to:
  - a) Treasury management performance data
  - b) Investment issues
  - c) Debt and/or borrowing issues
  - d) Debt financing budget
  - e) Treasury management strategic issues
  - f) Treasury management processes and procedures
  - g) Bank contract
  - h) Business continuity
- 3 To report upwards to the Head of Finance and the Chief Financial Officer, by means of:
  - a) Performance data
  - b) Documented decisions and action points

Corporate performance targets are set annually as part of the Finance Service Plan, and these are reported monthly to management through the Corporate Performance Reporting process. These are reviewed and set annually, but will include as a minimum targets for the average rate of interest achieved on temporary investments, and parameters for the level of daily bank balances.

### ***Performance reporting to Cabinet and Council***

Treasury management performance will be reported to Cabinet and Council at least twice each year, as follows:

The annual Treasury Mid Year report will be submitted to Council by 30 November following the year-end. The report will cover:

- Treasury activities undertaken
- Variations (if any) from agreed policies and practices
- Treasury performance to 30 September
- Monitoring information
- Monitoring of treasury management indicators (including relevant prudential indicators related to treasury management)

The annual Treasury Management Outturn report will be submitted to Council by 30 September following the year-end. The report will cover:

- Transactions executed and their revenue (current effects)
- The risk implications of decisions taken and transactions executed
- Compliance with agreed policies and practices and with statutory and regulatory requirements
- Treasury performance
- Compliance with the latest CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes
- Monitoring of treasury management indicators (including relevant prudential indicators related to treasury management)

In addition to the above Cabinet will receive:

- Prudential indicator reports in line with the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities (Fully revised second edition 2009)
- Monthly debt financing budget monitoring information, which is prepared and presented to Cabinet as part of the Council's overall revenue budget monitoring cycle

### **2. Testing value for money**

Banking services are re-tendered at least once every five years to ensure that the level of service reflects changing practices and represents value for money. During the life of the contract the Council's bankers will be required to be pro-active in drawing attention to new or innovative banking products that will assist with workflow, or which will generate savings for the Council in its banking related costs.

It is the Council's policy to appoint professional treasury management consultants specialising in local authority business, and this contract will be re-tendered at least once every five years.

The Council uses money broking services in order to make deposits or to borrow. A minimum of two money brokers are used in order to compare the rates offered. For operational purposes three brokers will typically be used, given the number of investment transactions currently undertaken. The standard of service provided is monitored on an ongoing basis.

### **3. Benchmarking**

The Council completes and submits the annual CIPFA Capital Expenditure and Treasury Management Statistics to enable comparisons of treasury management service costs with other local authorities.

In addition the Council has membership of the IPF Treasury Benchmarking Club, involving the completion of questionnaires and the attendance at meetings, usually twice a year. This membership is kept under review to ensure that it continues to be useful to the Council.

## TMP 3 DECISION-MAKING AND ANALYSIS

### 1. Funding, borrowing, lending and new instruments/techniques

#### *Records to be kept*

For each **counterparty** with which the council has treasury dealings, the following data will be maintained:

- Name and address and local contact if appropriate
- Bank details, name, address, sort code and account number
- Counterparty type and sector (for CIPFA and CLG returns)
- Borrowing and lending limits
- Maximum investment periods

For each **broker** with which the Council has dealings with the following data will be maintained:

- Name and address
- Local contact name
- Telephone and fax numbers
- Commission rates for borrowing

For each **transaction** the following data will be maintained:

- NBC reference
- Counterparty details
- Principal amount
- Transaction type
- Value date
- Repayment date, if fixed
- Initial interest rate
- Broker, if applicable
- Interest amount, if fixed

If the transaction is a variable rate instrument details of interest rate revisions and the final repayment date will be maintained.

For each **long-term loan** raised the data will be maintained:

- NBC reference
- Counterparty details
- Principal amount
- Start and maturity dates
- Repayment method and period
- Interest rate and amount
- Interest payment dates
- Method of interest payment

### ***Processes to be pursued***

All dealing activities will be carried out in line with the Council's documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Strategy.

The AA is responsible for maintaining a schedule of procedure notes, and ensuring that these are made available to all relevant personnel.

All procedure notes are assigned to a nominated individual who is responsible for reviewing and updating them on a regular basis.

### ***Issues to be addressed***

The Council's Financial Regulations approved by Council on 19 November 2007, "delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management" (Paragraph 5.9.3).

The Council's Section 151 Officer is the Director of Finance and Support, who is also the Council's Chief Finance Officer (CFO).

Operational treasury management decisions have been further delegated to other staff as set out in the Schedule to TMP 5 (Section 4 Duties and Responsibilities).

In respect of every decision made the CFO and the Council's treasury management staff will:

- Above all be clear about the nature and extent of the risk to which the council may become exposed.



- Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.
- Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping.
- Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded.
- Be content that the terms of any transaction have been fully checked against the market, and have been found to be competitive.

In respect of borrowing and other funding decisions the CFO and the Council's treasury management staff will:

- Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets
- Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

In respect of investment decisions the CFO and the Council's treasury management staff will:

- Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
- Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

Further details on how decision making processes are managed at an operational level, and in the context of the prevention and management of fraud, error and corruption and contingency management, are contained in the Schedule to TMP1 (Section 7 Fraud, error and corruption, and contingency management).

## **TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES**

### **1. Approved activities of the treasury management operation**

Approved activities of the Council's treasury management function include:

- Cash flow management
- Money market investments
- Use of external deposit accounts
- Treasury related banking activities
- Borrowing
- Debt repayment and rescheduling
- Risk management of treasury management activities
- Developing treasury policy and treasury strategy
- Reporting on treasury management activities

### **2. Approved instruments for investments**

Under the Local Government Act 2003 the Council is required to have regard to the CLG (formerly ODPM) Guidance on Local Government Investments issued in March 2004 (due for update in 2010) and CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009) and Guidance Notes for Local Authorities (Fully revised third edition 2009).

In accordance with the Guidance on Local Authority Investments issued under Section 15 (1) (a) of the Local Government Act 2003 the instruments approved for investment by local authorities are sub-divided into specified and non-specified investments.

- Specified investments – broadly, sterling investments, not exceeding 364 days and with a high credit rating.
- Non-specified investments – do not satisfy the conditions for specified investments.

#### ***Specified investments***

An investment is a specified investment if it satisfies the conditions set out below:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long-term investment (i.e. it does not exceed 364 days duration).

- The investment does not involve the acquisition of share capital or loan capital in any body corporate.
- Either of the following conditions is met:
  - (i) The investment is made with the UK Government or a local authority (as defined in section 23 of the 2003 Act) or a parish council or community council.
  - (ii) The investment is made with a body or in an investment scheme which has been awarded a high credit rating by a credit rating agency (either Standard and Poor's, Moody's Investment Service Ltd or Fitch ratings Ltd).

Specified investments are as follows, and must have a maturity of less than one year (i.e. 364 days or less)

- Gilts
- Treasury Bills
- Term deposits with local authorities and credit rated banks and building societies
- Certificates of deposit with credit rated banks and building societies
- Bonds issued by a financial institution that is guaranteed by the UK Government and multi-lateral development banks as defined in Statutory Instrument 2004 No. 534
- Triple A rated Money Market Funds (MMFs)
- Debt Management Office Deposit Facility
- Reverse Gilt Repos
- Forward deals with credit rated banks and building societies (negotiated deal period plus period of deposit must be less than 364 days)
- Commercial paper
- Gilt funds and other bond funds

### ***Non-specified investments***

Non- specified investments include those listed above with a maturity of one year or longer, together with investments placed with un-rated banks and building societies.

Furthermore, following the spirit of the CLG Guidance on Local Government Investments (2004), any investment product that takes on greater risk should be subject to greater scrutiny and justification, and should fall into the category of non-specified investments. Should the Chief Finance Officer determine that the authority would wish to make use of such higher risk investments, this will be brought to Council as a specific change to the Annual Investment Strategy in order that the decision to use such instruments receives effective scrutiny by those charged with governance.

### 3. Investments methods and techniques

The Council may enter into any type of investment instrument categorised as a specified investment, as listed above.

The majority of the Council's investments fall into the category of specified investments, as they relate to short term cash flow surpluses that can be invested until required to meet expenditure commitments.

Any type of specified investment that has not habitually been used by the Council – i.e. has not been used within the previous twelve month period, will only be entered into after consultation with the Council's external treasury advisers, and with the express approval of the Chief Finance Officer.

The Council will set a limit each year for the level and type of non-specified investments that may be placed at any one time. This limit will be set in the Annual Investment Strategy.

The Council may undertake investments over 364 days, which are classified as unspecified investments. The maximum period of investment will be two years. These investments will only be placed with eligible counterparties, after consultation with the Council's external treasury management advisors and with the approval of the Finance Manager, Capital & Treasury.

Investments, with the exception of those to other local authorities and the UK Debt Management Office, will be placed only with those banks, building societies and authorised deposit takers under the Financial Services and Markets Act 2000 and allocated a satisfactory rating by the Council's external treasury advisers.

Only counterparties in the Council's current lending list, using the criteria determined by the Chief Financial Officer and set out at the Schedule to TMP 1 and in the Annual Treasury Strategy will be used.

All dealing activities will be carried out in line with the documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Strategy.

The Council may make loans to third parties for the purpose of capital expenditure as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146).

For further details see Schedule to TMP1 (Credit and counterparty risk management)

### 4. Approved instruments for borrowing

The statutory basis of the local authority's power to borrow is derived from the Local Government Act 2003. Essentially a local authority may borrow (or invest) for any purpose relevant to its functions, under any enactment or "for the purpose of the prudent management of its financial affairs".

Local authorities may only borrow in sterling, except with the consent of the treasury. It is generally held that they have no powers to use financial derivatives such as interest rate swaps.

The main source of local authority borrowing is through Public Works Loans Board (PWLB) loans. Other borrowing sources include money market instruments, including low start or stepped interest rate structures, such as LOBOs (Lenders Option, Borrowers Option).

Local authorities may also borrow from each other.

Local authorities are required by the 2003 Act to determine and keep under review limits as to how much money they can afford to borrow. The Council's Authorised Borrowing Limit as set in the Treasury Strategy and its Prudential Indicators must not be exceeded.

Regard must be had to the contents of TMP9 (money laundering).

### 5. Borrowing methods and techniques

#### *Long-term borrowing*

All long-term borrowing requires the express approval of the Chief Finance Officer, who will also sign any associated internal or external approval or authorisation documentation. The Chief Finance Officer has the delegated authority to take the most appropriate form of borrowing from approved sources.

Long-term borrowing may take the form of loans from the Public Works Loans Board (PWLB) or from the market, including LOBO loans.

PWLB loans are arranged directly with the PWLB, using their standard application procedures. Money market loans are arranged via a money broker.

Advice from the Council's external treasury advisers will be sought and documented before entering into any long-term loan arrangements.

### ***Short-term borrowing***

The Council may take short-term deposits from other local authorities, arranged via a money broker, to facilitate the management of cash flow, and, under long established arrangements, from two local organisations.

All borrowing activities will be carried out in line with the documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Strategy.

**TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS**

**1. Limits to responsibilities/discretion at executive levels**

***Council***

The Council is responsible for:

- Receiving and reviewing reports on treasury management policies, practices and activities, including the setting and monitoring of the prudential indicators.
- Approval of the annual Treasury Strategy

***Cabinet***

The Cabinet is responsible for the following:

- Approval of/amendments to the Council's adopted clauses, treasury management policy statement and treasury management practices
- Annual strategy/budget consideration and recommendation to Council
- Annual out-turn report consideration and recommendation to Council
- Receiving and reviewing external audit reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment if the total contract value exceeds the OJEU threshold
- Annual setting of prudential indicators consideration and recommendation to Council
- Regular monitoring of prudential indicators consideration and recommendation to Council.

***Audit Committee***

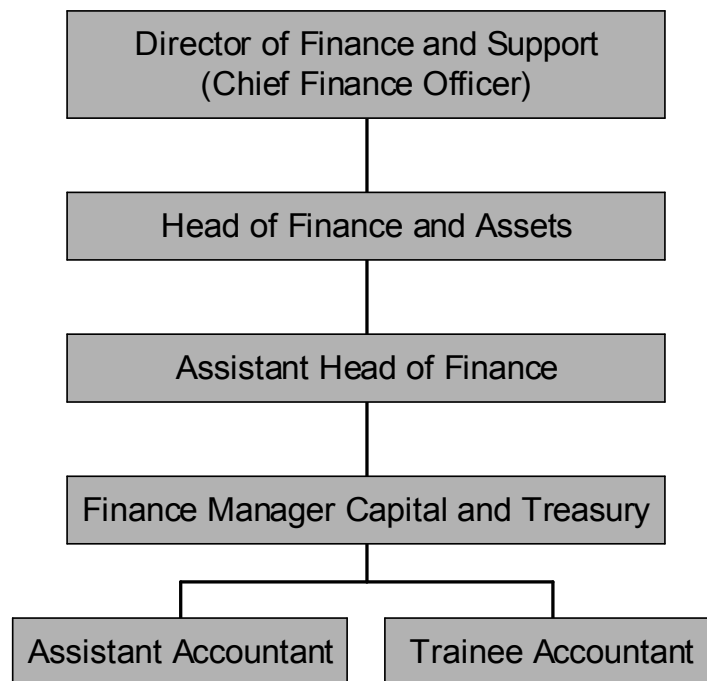
Audit Committee is the body responsible for scrutiny and will have responsibility for the review of all treasury management policies and procedures, the scrutiny of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

### 2. Segregation of duties

Segregation of duties is achieved by the allocation of treasury duties to specific posts within the finance structure, and by the authority levels set up on the Council's electronic banking system, Financial Director, which is used to make electronic CHAPS payments. See the Schedule to TMP1 for a full description of the levels of delegated responsibility and separation of duties designed to restrict opportunities for fraud, error and corruption.

### 3. Organisation chart

The current structure of the Council's treasury division is set out below.



### 4. Duties and responsibilities

Officers involved in treasury management are explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council.



### ***Head of the Paid Service***

The Head of Paid Service is the Chief Executive, responsible for the corporate and overall strategic management of the Council as a whole. He has responsibility for establishing a framework for management direction, style and standards, and for monitoring the overall performance of the organisation.

The Chief Executive heads up the Management Board, of which the CFO is a member. Management Board meets on a weekly basis. Treasury reports feed into the corporate domain via the Management Board.

### ***Monitoring Officer***

The Council's Monitoring Officer is the Borough Solicitor. The Monitoring Officer is responsible for promoting and maintaining high standards of conduct by both members and officers and therefore provides support to the Standards Committee. He is also responsible for the reporting of any actual or potential breaches of the law or maladministration to the full Council and/or Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

The Monitoring Officer, in conjunction with the Chief Executive and Section 151 Officer, has responsibility for advising Cabinet or the full Council on whether a decision is likely to be contrary to or not wholly in accordance with the Council's budget and policy framework.

The responsibilities of this post will include-

- Ensuring compliance by the Chief Finance Officer with the treasury management policy statement and treasury management practices and that they comply with the law
- Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice
- Giving advice to the Chief Finance Officer when advice is sought.

### ***Chief Finance Officer***

The Director of Finance and Support is the Council's Chief Financial Officer and the officer designated for the purposes of section 151 of the Local Government Act 1972 as the Responsible Officer for treasury management at Northampton Borough Council.

This post, as defined in Article 13 of the Constitution, has statutory duties in relation to the financial administration and stewardship of the authority. This

statutory responsibility cannot be overridden. The statutory duties arise from:

- Local Government Act 1972 (Section 151)
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Act 2003
- Accounts and Audit Regulations 2003

These statutory duties are set out in more detail in the Council's Financial Regulations. Council are recommended to agree updated wording for the Financial Regulations, as set out at Annex A of the is report, at their meeting of 25 February 2010.

The proposed update to the Council's Financial Regulations "delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management"

The detailed responsibilities are:

- Ensuring that the schedules to the Treasury Management Practices (TMPs) are fully reviewed and updated annually and to monitor compliance to the Treasury Management in the Public Services: Code of Practice and Guidance Notes.
- Ensuring that the annual Treasury Strategy Report, the Mid Year Treasury Management report and the annual Treasury Outturn Report are submitted to Council via Cabinet (See Schedule to TMP6),
- Reviewing the performance of the treasury management function and promoting value for money.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit, and liaising with external audit.
- Recommending or approving the appointment of external service providers (e.g. treasury advisors) in line with the approval limits set out in the Council's procurement rules.

The CFO has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments. These powers have been delegated to officers as set out below.

The CFO and the Council's Monitoring Officer will ensure that the policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible in accordance with their statutory duties.

Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Chief Finance Officer to be satisfied, by reference to the Monitoring Officer, the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

### ***Head of Finance/Assistant Head of Finance***

These posts have line management responsibility through the structure of the department. As such they may carry out delegated tasks as instructed by the CFO. This may include delegated Section 151 responsibilities in her absence. They also have managerial responsibility for the tasks carried out by the operational manager and the other operational treasury management staff.

Both post holders are involved in the Council's monthly treasury management meeting, either as attendees or as recipients of the action points and performance data. (See Schedule to TMP2)

### ***Operational Manager***

The Finance Manager – Capital and Treasury (FMCT) will operate as the Operational Manager and shall be responsible for:

- Implementing and ensuring compliance with the policies and procedures as set out in the TMPs and schedules, and the Council's Treasury Strategy.
- Reviewing treasury management policies and practices and submitting proposals for changes, as appropriate, to the CFO.
- Drafting, for the consideration of the CFO, all treasury management and prudential indicator reports to Cabinet and Council.
- Preparing an annual debt-financing budget for consideration, taking all relevant factors into account, and ensuring that the debt-financing budget is monitored as part of the Council's budget monitoring process, reporting all significant deviances to the CFO.
- Providing such reporting information, as determined by CFO, to enable her to fulfil her obligations as the Responsible Officer.

- Managing, on behalf of the CFO, the overall treasury management function ensuring that there is, at all times, an appropriate division of duties within the treasury team.
- Supervising treasury management staff.
- Ensuring that the treasury management team, and other staff undertaking treasury functions, receive such training as is required for them to undertake their respective functions.
- Holding monthly treasury management meetings including a review of performance data.
- Ensuring that sufficient information is available at all times to satisfy internal and external audit requirements, and liaison with internal and external auditors.

### ***Assistant Accountant (AA)***

The Assistant Accountant (AA) will operate as the Council's Treasury Manager and be responsible for:

- The arrangement and execution of all transactions.
- Adherence to agreed the policies and practices on a day to day basis.
- Maintaining relationships with counterparties and external service providers.
- Ensuring that all loans received and investments repaid have been received into the Council's bank account.
- Entering, arranging approvals and sending all CHAPS payments via Financial Director.
- Raising the payment documentation for all loan repayments, interest instalments and investments and ensuring that all loans are repaid on the due date and that interest payments are made on the appropriate date.
- Monitoring performance on a day to day basis
- Submitting management information reports to the Operational Manager and others.
- Keeping the Operational Manager informed of all matters relating to her responsibilities.
- Identifying opportunities for improved practices.

- Acting as an early warning system should it appear that timely action is required by the Council to take account of changes in the money markets, which may have been advised by brokers or advisers.
- Preparation of the necessary documentation (letters, loan receipts etc) and subsequent despatch to the borrower/lender as appropriate.
- Checking that confirmation documentation provided by brokers, lenders and borrowers corresponds to the initial documentation prepared as above.
- Entering the necessary information, from the documentation, on to the relevant electronic and hard copy records, ensuring that at all times, the databases are accurate and up-to-date.
- Preparing weekly and monthly reconciliations and performance data.

### ***Trainee Accountant (TA)***

The TA will provide clerical support to the treasury management function. This includes providing the back office function, which contributes to the separation of duties.

The post holder is responsible for:

- Back office checks as set out in the treasury procedure notes.
- Completing all relevant journal entries into Agresso.
- Preparing monthly reconciliations.

### ***Internal Audit***

The treasury management function will be the subject of an internal audit review each year and full and free access to all records will be given.

This review will include:

- Reviewing compliance with approved policy and procedures.
- Reviewing division of duties and operational practices.
- Assessing value for money from treasury activities.
- Undertaking probity audit of treasury function.

### 5. Cover arrangements and business continuity

An adequate number of nominated officers at an appropriate level are trained and set up to provide cover arrangements.

The Assistant Accountant maintains a schedule of lead and cover responsibilities for dealing, manual and system authorisation, back office checks, and system support. The schedule includes colour coding to demonstrate the segregation of duties to be practiced; this is backed up by system controls. The schedule is reviewed and updated or confirmed each month at the monthly treasury management meeting.

From April 2010 full ongoing training records will be kept of the training needs of those individuals with roles in the treasury management function, including those set up to provide cover arrangements. These will set out the specific skills and knowledge requirements at a detailed level and when and how they have been or will be addressed.

A business continuity plan is maintained by the FMCT in the format prescribed by the Council in its Risk Management Strategy. This is backed up by detailed procedure notes, which are reviewed and updated at least annually.

### 6. Dealing limits

The Chief Finance Officer is responsible for formulating suitable criteria for assessing and monitoring the credit risk of investment counterparties and constructing a lending list comprising time, type, sector and specific counterparty limits. This is carried out with reference to the creditworthiness advice given by the Council's external treasury advisors. The criteria and limits are set out at TMP1 (Section 1 Credit and counterparty risk management) and in the Treasury Strategy at Section 18 Counterparties.

### 7. Approved brokers

The Council currently uses the following money brokers

- ICAP Europe Ltd
- Tullett Prebon (Europe) Ltd
- Tradition (UK) Ltd

It is considered good practice to use a minimum of two brokers; three is the number that it is considered by the Council to be operationally suitable given the number of investment transactions typically undertaken. The standard of service provided is monitored on an ongoing basis.

There is no direct charge to the Council for using money brokers; their fees are met through commission received from the counterparty to the investment.

### **8. Policy on the taping of conversations**

All external treasury management calls related to the dealing process are tape-recorded. The tapes are kept for a minimum of one year.

### **9. Direct dealing practices**

Direct dealing arrangements can be used as an additional tool to achieve further spreading of counterparty risk, to aid flexibility and to improve on interest rates offered.

Direct dealing arrangements are only set up with authorised counterparties. Prior to new arrangements being set up the counterparty is supplied with a list of officers authorised to deal on behalf of the Council and a copy of the Council's standard bank settlement instructions.

### **10. Settlement transmission procedures**

Settlement transmission procedures are set out in the treasury management procedure notes.

### **11. Documentation requirements**

Documentation requirements are set out in the Schedule to TMP3, above, and the treasury management procedure notes.

### **12. Management of third party funds**

#### ***Section 106 Developer Funds***

The Council holds funds from developers (Section 106 funds) that are used to fund the Council's capital and revenue expenditure as per the terms of the individual legal agreements. In some instances the legal agreements provide for the funds to be returned to the developer if not used by the Council for the intended purpose after a given period of time. In cases where funds have to be returned, which are exceptional, interest is applied at the rate set out in the legal agreement. The Council declares the maximum liability for interest payable at year-end as a contingent liability in its annual Statement of Accounts.

#### ***Temporary borrowing arrangements***

Under long established arrangements the Council takes short-term deposits, treated as temporary borrowing, from two local organisations.

Formal agreements are in place for the management of these funds. Interest review dates are quarterly, and the interest rates are set at the Council's average rate for approved investments for the previous quarter, less 0.5% to cover administrative costs.

## **TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS**

### **1. Council and Cabinet Reports**

A key recommendation of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009) is that the Council's treasury management policy statement should specify formal reporting arrangements by the responsible officer to full council, to include at minimum annual reports both before, mid year and after the year end. These should include the Council's treasury management indicators.

Audit Committee is the body responsible for scrutiny and will have responsibility for the review of all treasury management policies and procedures, the scrutiny of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

Council will receive, via Cabinet, the following reports:

#### ***Annual Treasury Management Strategy Report***

The Annual Treasury Management Strategy report will be submitted to Council before the start of the financial year, consisting of a review of the Council's approved clauses, treasury management policy statement and practices and a strategy report on the proposed treasury management activities for the year. The latter will incorporate:

(i) The Capital Financing and Borrowing Strategy for the coming year including:

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit as required by the Local Government Act 2003.

(ii) The Investments Strategy for the coming year as required by the CLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

The Treasury Strategy will include the following elements:

#### **Capital Financing and Borrowing Strategy**

- Capital Financing
- Existing Borrowing
- New Borrowing



- Minimum Revenue Provision
- Borrowing Requirement
- Debt Rescheduling
- Long Term Interest Rates for Borrowing
- Sensitivity of Forecasts
- Borrowing Strategy
- Prudential Indicators
- Treasury Indicators
- Affordable Borrowing Limit
- Temporary Borrowing
- Overdraft Facilities

### Investment Strategy

- Current Investment Portfolio
- Specified/ Non specified Investments
- Investment strategy;
- Counterparties
- Liquidity of Investments
- Bank Base Rate
- Short Term Interest Rates for Investments
- Sensitivity of Forecasts
- Prudential Indicators
- Treasury Indicators

The annual report will also include:

- The proposed debt financing and debt management budget for the coming three years
- Demonstration of adherence to the Council's policy on reserves and balances
- Compliance with the requirement under the Local Government Finance Act 1992 to produce a balanced budget

### ***Treasury Management Mid Year Report***

The annual Treasury Mid Year report will be submitted to Council by 30 November following the year-end. The report will cover:

- Treasury activities undertaken
- Variations (if any) from agreed policies and practices
- Treasury performance to 30 September
- Monitoring information
- Monitoring of treasury management indicators (including relevant prudential indicators related to treasury management)

### ***Treasury Management Outturn Report***

The annual Treasury Management Outturn report will be submitted to Council by 30 September following the year-end. The report will cover:

- Transactions executed and their revenue (current effects)
- The risk implications of decisions taken and transactions executed
- Compliance with agreed policies and practices and with statutory and regulatory requirements
- Treasury performance
- Compliance with the latest CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes
- Monitoring of treasury management indicators (including relevant prudential indicators related to treasury management)

### ***Other reports to Cabinet and Council***

In addition to the above Cabinet will receive:

Prudential indicator reports in line with the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities (Fully revised second edition 2009)

Monthly debt financing budget monitoring information, which is prepared and presented to Cabinet as part of the Council's overall revenue budget monitoring cycle

### ***Reports to Audit Committee***

Audit Committee is the body responsible for scrutiny and will have responsibility for the review of all treasury management policies and procedures, the prior scrutiny of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

### **2. Reports to the Chief Finance Officer**

The following performance reports will be submitted to CFO on a monthly basis along with the action points/minutes from the monthly treasury management meetings.

- Details of all outstanding loans, including name of lender, amount, period and interest rates.
- Details of all outstanding investments including name of borrower, amount, period and interest rates
- Variations on actual daily bank balances against targets
- Average monthly rates achieved on temporary investments, with base rate and average 7-day LIBID and LIBOR rates as comparators.
- Details of any variations (if any) from agreed policies/practices

Notifications of changes to counterparty credit ratings are advised on a daily basis with, if applicable, a note of the value of any investments that the Council holds with the counterparty.

## **TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

### **1. Budgeting arrangements**

Working within the overall context of the Council's Medium Term Financial Strategy, the FMCT will prepare a three-year medium term financial plan, which will incorporate, for the following three years:

- The debt financing and debt management budget for the forthcoming year and provisional estimates
- The prudential indicators, including those for treasury, related to external debt
- The treasury indicators

These will be submitted to Council for approval at their annual budget setting meeting preceding the start of the financial year in, respectively, the Annual Revenue Budget report, the Prudential Indicators report and the Treasury Strategy report.

The debt-financing budget will comprise:

- Interest and investment income
- Debt and other financing costs (including MRP)
- Recharges to and from the HRA
- Other recharges

The debt management budget will comprise:

- Staffing numbers and related costs (in the form of recharges)
- Premises and other administrative costs (in the form of recharges)
- Bank and overdraft charges
- Brokerages, commissions and other transaction related costs,
- External advisers' and consultants' charges

### **2. Accounting practices and standards**

All current accounting standards, regulations, practices and guidance pertaining to budgeting and accounting will be followed. This will include the CIPFA Accounting Statement of Recommended Practice (SORP) (or from 2010-11 the CIPFA Code of Practice on Local Authority Accounting) and Best Value Accounting Code of Practice (BVACOP), as well as the treasury management specific documents referred to at the Schedule to TMP 1.

### **3. Information requirements of external auditors**

Year-end figures and working papers on the Council's debt and investment portfolios will be provided as required for the Council's annual Statement of Accounts in line with the requirements of the latest CIPFA guidance, currently the CIPFA SORP (Statement of Recommended Practice).

The working papers provided will be of sufficient quality to include all relevant supporting information reasonably required by the external auditors, set out in a clear and logical manner and providing a clear audit trail.

Any other information or supporting documents reasonably requested by the council's external auditors will be provided in a timely manner.

## **TMP 8 CASH AND CASH FLOW MANAGEMENT**

### **1. Cashflow forecasts**

The Finance Manager (Capital & Treasury) will prepare high level cash flow projections annually, for the following three years, to prepare the debt financing budgets, as part of the Council's budget setting cycle.

The Assistant Accountant responsible for the day-to-day treasury function will prepare cash flow projections at detailed level for the current year, and, by 28 Feb each year, for the forthcoming year, updated on a daily basis.

The types of information to be included in the cashflow forecasts include the following:

- Details of all BACS runs
- Details of large cheques drawn
- Details of forthcoming Right-to-Buy, Shared Ownership and other property sales
- RSG and NDR receipts and/or payments (from annual schedule)
- Housing Benefits subsidy payments or receipts
- Details of local precepts and levies
- Details of loan interest and principal payable.
- Details of returns of previous investments

Comparisons of forecasts to actual figures will be undertaken in order to improve the accuracy of projections.

### **2. Overdraft arrangements**

The Council has a £200k overdraft facility with its bankers, the Co-operative Bank, for which an annual fee of 0.25% (£500) applies. The overdraft rate applicable to use of the agreed facility is 2% above base rate. Borrowing in excess of the agreed facility is charged at 5% above base rate.

The overdraft facility is only used to cover unforeseen events; usage is kept to a minimum and generally occurs only as a result of events outside of the Council's control; for example, failure by third parties to make agreed payments. The use of the overdraft facility is monitored on a daily basis against a performance target and reported monthly to senior managers through the corporate performance reporting framework.

### **2. Bank statement procedures**

Electronic bank statement extracts are downloaded daily via the electronic banking system (Financial Director) in order to calculate the net cash position and take investment or short term borrowing action as necessary. They are also used for bank reconciliations using the automated Agresso process. This is the responsibility of the Corporate Finance Team. The Council also receives hard copies of all bank statements.

### **3. Payment scheduling and agreed terms of trade with creditors**

The Council's normal settlement terms are 30 days in accordance with Best Value Performance Indicators (BVPI8). In the current economic climate, and to support local businesses, efforts are being made to make payment to NN postcodes within 10 days.

Payments are made by BACS wherever possible and payment runs are made daily. Other BACS runs are made for salaries/wages and housing benefit payments.

Bank details are requested from all new suppliers in order to keep cheque payments to a minimum to reduce costs.

### **4. Procedures for banking of funds**

All income coming into the authority must be banked promptly. All payments received into the authority are banked via an E-Return. Individual departments that receive income hold paying in books that are specific for their individual area and submit separate banking returns for cash and cheque payments. E>Returns is a simple and effective tool for processing payments onto the Council's cash /cheque collection system which feeds into Agresso, the Council's financial management system.

Northampton Borough Council has closed its cash offices. Customers wishing to make cash payments can still do so at the 100 Payzone and 26 Post Office locations throughout Northampton.

### **TMP 9 MONEY LAUNDERING**

#### **1. Wider context**

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering.

The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering, which apply to all persons in the UK in a personal and professional capacity. The Terrorism Act 2000 also contains provisions in respect of money laundering in the context of terrorist activity.

In December 2007 the government published the Money Laundering Regulations 2007, which replaced previous regulations of 2003. This defines money laundering as an act which falls within section 340(11) of the Proceeds of Crime Act 2002

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under the Proceeds of Crime Act 2002, but are not legally obliged to apply the provisions of the Money Laundering Regulations 2007. However as responsible public bodies they are expected to employ policies and procedures which reflect the essence of the UK's anti-terrorist financing and anti-money laundering regimes. It is for individual organisations to evaluate the prospect of laundered monies being handled by them and to determine the appropriate safeguards to be put in place. It is the legal responsibility of every person engaged in treasury management to make themselves aware of their personal responsibilities. However CIPFA recommend that organisations bring them to their staff's attention and consider the appointment of a member of staff to whom they can report their suspicions.

#### **2. Procedures for establishing the identity or authenticity of lenders**

The Council does not accept loans from individuals. All long-term loans are obtained from the PWLB, or from authorised institutions under the Financial Services and Market Act 2000. A register of these institutions is maintained by the Financial Services Authority (FSA) and can be accessed through their website on [www.fsa.gov.uk](http://www.fsa.gov.uk).

The Council may also take short-term deposits from other local authorities, to facilitate the management of cash flow, and, under long established arrangements, from two local organisations.



**3. Other NBC arrangements**

Any suspicions of money laundering must be reported immediately to the Head of Finance in his role as the Money Laundering Reporting Officer.

Training will be provided for treasury management staff on their responsibilities in respect of money laundering (See Schedule to TMP 10)

### **TMP 10 TRAINING AND QUALIFICATIONS**

#### **1. Training and qualifications**

It is vital to the success of the treasury function that all members of the treasury management team, and all other individuals undertaking treasury roles, including those with responsibility for governance, are suitably qualified and receive sufficient training to enable them to carry out their functions efficiently, effectively and to a high standard. This has become increasingly evident in the context of the worldwide banking crisis and economic environment of the past two years, which has highlighted the growing complexity of treasury management in general, and its application to the public sector in particular.

Training can be achieved in a number of ways. Professional qualifications and specific internal and external training courses are evidently important. Work shadowing and on the job training are also valuable training tools and will be undertaken on an ongoing basis as required. Regular more formal in-house training will also be used. In addition general awareness training that comes from reading appropriate publications and electronic communications on a regular basis is essential to keep up to date with the external environment in order to contribute to the successful operation of the treasury management function.

The way in which the individual training needs of those involved in the treasury management function at the Council can be met are set out in the table below. Professional and AAT qualifications are in line with the requirements of the post. The level and nature of other training will be as appropriate to the role.

For the specific treasury responsibilities of each of those listed below, see the Schedule to TMP5 (Section 4. Duties and responsibilities)

## Annex C

### Meeting training needs for treasury management responsibilities

Job Title	CCAB Qualified	AAT Qualified	External Seminars/ Workshops	In-house training	Reading
Cabinet and Audit Committee Members	N/A	N/A	Yes	Yes	Yes
Chief Executive	N/A	N/A	Yes	Yes	Yes
Chief Finance Officer/ S151 Officer	Yes	N/A	Yes		Yes
Head of Finance	Yes	N/A	Yes		Yes
Assistant Head of Finance	Yes	N/A	Yes		Yes
Finance Manager	Yes	N/A	Yes		Yes
Assistant Accountant		Yes	Yes	Yes	Yes
Cover for above		Yes	Yes	Yes	
Trainee Accountant		Trainee	Yes	Yes	
Cover for above		Yes	Yes	Yes	
System support				Yes	

### 2. Training Records

From April 2010 full ongoing training records will be kept of the training needs of those individuals with roles in the treasury management function, setting out their specific requirements at a detailed level and when and how they have been or will be addressed.

Areas to be covered by training (dependant on role) will include:

- Regulatory framework
- Governance
- Risk management
- Best practice
- Investment
- Borrowing
- Cashflow
- Performance management
- Prudential Indicators
- Budgeting and budget monitoring
- Money laundering
- Local financial systems

### 3. Statement of Professional Practice (SOPP)

Where the Chief Financial Officer is a member of CIPFA, there is a professional requirement for the post holder to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

Similarly the Chief Financial Officer as a CCAB member and other staff as CCAB or AAT members are required to follow the professional standards and codes of conduct of their own professional bodies.

### **TMP 11 USE OF EXTERNAL SERVICE PROVIDERS**

Details of existing contracts with service providers are set out in the paragraphs below.

#### **1. Banking services**

The current supplier of the service is the Co-operative Bank plc. The contract commenced 1 April 2004 with an initial contract period of 3 years and an option to extend for a further 3 years. This option has been exercised, and the contract has been further extended for a period that will not exceed 30 September 2010.

A full retendering exercise was started during 2009 under the ESPO (Eastern Shires Purchasing Organisation) Framework. The outcome of this exercise is not yet determined; the contract award is due to take place before the end of March 2010.

The costs of the banking service are provided for in the council's annual revenue budget. Payments under the current contract are due in a combination of monthly and quarterly frequency.

#### **2. Money-broking services**

The Council currently uses the following money brokers

- ICAP Europe Ltd
- Tullett Prebon (Europe) Ltd
- Tradition (UK) Ltd

It is considered good practice to use a minimum of two brokers; three is the number that it is considered by the Council to be operationally suitable given the number of investment transactions typically undertaken. The standard of service provided is monitored on an ongoing basis.

There is no direct charge to the Council for using money brokers; their fees are met through commission received from the counterparty to the investment.

#### **3. Treasury Management Advisers services**

The current supplier of service is Sector Treasury Services Ltd. The contract commenced 20 March 2005 with an initial contract period of three years and an option to extend for further years, year on year. The contract was extended initially to 19 March 2009; a further extension was then agreed to 31 March 2010.

A new contract for treasury management advisory services is currently being procured, in line with the Council's procurement rules, to run from 1 April 2010. Quotes were due back by 15 February 2010; the outcome of this exercise is not yet determined.

The costs of the service are provided for in the Council's annual revenue budget. Payments under the contract are currently based on a fixed fee, payable half yearly in arrears. Additional services are available at rates specified in the contract.

### **TMP 12 CORPORATE GOVERNANCE**

#### **1. Arrangements for corporate governance**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is responsible for putting into place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council produces an Annual Governance Statement in its annual Statement of Accounts, which explains the corporate governance arrangements that the Council has in place and how it ensures compliance with these arrangements.

The Council has adopted and has implemented the key recommendations of the CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2001 and 2006 update. The Council is asked in the Treasury Strategy report 2010-11 to 2012-13 to adopt the updated wording of the 2009 second fully revised edition. This, together with detailed arrangements contained in the Schedules to TMP 1 to 11, are considered vital to the achievement of proper corporate governance in treasury management, and the Chief Finance Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Documents subject to Cabinet or Council approval and available to the public on the Council's website include:

- Annual Treasury Strategy Report
- Mid year Treasury Management Report (from 2010-11)
- Treasury Outturn Report
- Prudential Indicators Setting Report
- Prudential Indicators Monitoring Reports
- Three Year Revenue Budget Setting Report
- Three Year Capital Programme Report
- Capital Strategy
- Annual Statement of Accounts.

### **2. Procedures for consultation with stakeholders**

The Council recognises that it is important to actively involve the community in the decision making process through consultation in order to provide good quality services and deliver them well.

The Council adopted a Community Engagement Strategy in 2008 and has introduced a Consultation Toolkit as a means to improve how it consults, engages and involves with the people and service users of Northampton.

### **3. External funds managed on behalf of others**

#### ***Section 106 Developer Funds***

The Council holds funds from developers (Section 106 funds) that are used to fund the Council's capital and revenue expenditure as per the terms of the individual legal agreements. In some instances the legal agreements provide for the funds to be returned to the developer if not used by the Council for the intended purpose after a given period of time. In cases where funds have to be returned, which are exceptional, interest is applied at the rate set out in the legal agreement. The Council declares the maximum liability for interest payable at year-end as a contingent liability in its annual Statement of Accounts.

#### ***Temporary borrowing arrangements***

Under long standing arrangements, the Council manages deposits from two local organisations. Formal agreements were set up with these organisations from 1<sup>st</sup> April 2009. These contain the following operational arrangements:

- Interest rates set in line with the average rate of interest achieved by the Council in the preceding period, less 0.5%
- Quarterly review of interest rates
- Withdrawal notice periods of 7 days
- Termination notice of 7 days



## **Northampton Borough Council Treasury Management Strategy 2010-11**

### **Contents**

Introduction and Equalities Statement

#### **Capital Financing and Borrowing Strategy**

1. Capital Financing
2. Existing Borrowing
3. New Borrowing
4. Minimum Revenue Provision
5. Borrowing Requirement
6. Debt Rescheduling
7. Long Term Interest Rates for Borrowing
8. Sensitivity of Forecasts
9. Borrowing Strategy
10. Prudential Indicators
11. Treasury Indicators
12. Affordable Borrowing Limit
13. Temporary Borrowing
14. Overdraft Facilities

#### **Investment Strategy**

15. Current Investment Portfolio
16. Specified/ Non specified Investments
17. Investment strategy;
18. Counterparties
19. Liquidity of Investments
20. Bank Base Rate

21. Short Term Interest Rates for Investments

22. Sensitivity of Forecasts

23. Prudential Indicators

24. Treasury Indicators

## **Introduction and Equalities Statement**

### ***Introduction***

The Council is required to adopt the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009) and it is a requirement under that Code of Practice to produce an annual strategy report on proposed treasury management activities for the year.

The Treasury Management Strategy Report incorporates:

(i) The Capital Financing and Borrowing Strategy for the coming year including:

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit as required by the Local Government Act 2003.

(ii) The Investments Strategy for the coming year as required by the CLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

The purpose of the Treasury Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

### ***Key Principles***

The key principles of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes are that:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy and should ensure that priority is given to security and liquidity when investing funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

The Treasury Strategy that follows, and the Council's Schedules to the Treasury Management Practices at report Annex C, are drafted in the context of these principles, as well as the requirements of the four key clauses (report Annex A), the treasury management policy statement (report Annex B), and the Treasury Management Practices (report Annex C).

### ***Equalities Statement***

An Equalities Impact Assessment has been carried out on the Council's Treasury Strategy for 2010-11, and the associated Treasury Management Practices (TMPs) and the Schedules to the TMPs.

As a result of that assessment, it should be noted that the potential impact of the strategy and associated documents (including Treasury Management Practices (TMPs) and the Schedules to the TMPs) on the different equalities groups must be considered as it is developed and put together each year. This includes the consideration of the potential impact on the different equalities groups of any processes, procedures or outcomes arising from these.

## **Capital Financing and Borrowing Strategy**

### **1. Capital Financing**

The Council's capital programme is financed by borrowing and by other available sources such as capital receipts, grants, third party contributions and revenue contributions.

The Council makes use of operating leases to fund some types of expenditure that would otherwise be treated as capital where they offer better value for money. Examples of the types of expenditure that might be suitable are IT equipment and office furniture. The annual costs of operating leases are currently treated as revenue expenditure in the accounts and are not included in the Council's capital programme.

The Council's policy is not to enter into finance leases, which have to be treated as capital expenditure in the accounts, and generally do not offer any financial benefits to the authority.

However the treatment of leases is set to change with the introduction from 2010-11 of International Financial Reporting Standards (IFRS). Some leases currently defined as operating leases will be treated as finance leases, and this will include some retrospective adjustments.

There are two scenarios where borrowing may be used to fund the Council's capital expenditure.

- (i) Supported borrowing – The government may award borrowing approvals in the form of Supported Capital Expenditure (Revenue) (SCE(R)) and provide associated revenue support to meet some of the costs of borrowing (i.e. repayment of principal and interest). This is targeted towards specific service blocks, including education and social services. The nature of district council services means that very little supported borrowing is awarded to this Council, with the exception of a limited amount for housing services.
- (ii) Prudential borrowing – The Council has to fund the full costs of borrowing from its own revenue resources. This is sometimes referred to as unsupported borrowing. This method of funding is particularly suitable for 'spend to save' schemes, where the financing costs of borrowing can be funded from revenue savings. However lack of capital resources means that it is also used for other essential capital schemes where no other resources can be identified.

## 2. Existing Borrowing

Existing borrowing to fund capital expenditure stands at £31.8m. This borrowing is primarily in the form of Money Market LOBO (Lenders Option, Borrowers Option) loans. However borrowing from the Public Works Loans Board (PWLB) is now also included in the Council's debt portfolio. The following tables illustrate the debt type and maturity profile of existing borrowing as at 31 January 2010.

### Analysis of Outstanding Debt as at 31 January 2010

Type of Loan	Principal £'000	Proportion of Long Term Debt %	Range of Interest	
			From %	To %
Public Works Loan Board	6,000	19	3.47	3.97
Money Market LOBO Loans	24,600	77	4.85	7.03
Homes and Communities Agency	1,242	4	9.25	9.25
<b>Total</b>	<b>31,842</b>	<b>100</b>		

### Long Term Debt Maturity Profile as at 31 January 2010

Time Frame: within -	Year	Value Maturing £'000	Proportion of Long Term Debt %
0-10 years	2009/10-2018/19	21,806	68
10-20 years	2019/20-2028/29	532	2
20-30 years	2029/30-2038/39	504	2
30-40 years	2039/40-2048/49	0	0
Over 40 years	2049/50 onward	9,000	28
<b>Total</b>		<b>31,842</b>	<b>100</b>

## 3. New Borrowing

The Council has access to Public Works Loan Board (PWLB) loans for its long term borrowing needs. Loans, including LOBO loans, are also available from major banks via the Money Market and these may be considered when they offer better value for money than PWLB loans.

Decisions on the timing and type of borrowing are taken in consultation with the Council's external treasury management advisors.

Under the Local Government Act 2003 local authorities are able to borrow in year for the current year capital programme and for the following two years.

The Council's policy on borrowing in advance of need is that this will not be undertaken purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

The Council will:

- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- Ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- Consider the merits and demerits of alternative forms of funding
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

£6m of borrowing was undertaken in January 2010 with the Public Works Loans Board (PWLB) to provide for capital programme expenditure in 2010-11 and 2011-12. Interest rates on borrowing are forecast to rise over the coming three-year period, and this strategy will lock the Council into borrowing costs, as far as possible, at the lowest level forecast.

It is anticipated that no further external borrowing will be required to fund the 2010-11 and 2011-12 capital programmes. However, borrowing of around £8m has been budgeted for 2012-13 to support the HRA programme, which is directed at meeting decent homes targets.

#### **4. Minimum Revenue Provision (MRP)**

Prior to 2007-08 the Council was required by statute to provide for the repayment of a minimum amount of 4% of General Fund debt principal each year. This debt repayment is known as the Minimum Revenue Provision (MRP). The Housing Revenue Account is not subject to an MRP charge.

The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008, which came into force in February 2008, required local authorities to make instead 'prudent provision' for the repayment of debt. A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment

of debt should be more closely aligned to the useful life of the asset or assets for which the borrowing has been carried out.

In 2007-08 the Council used the transitional measures available to calculate MRP for all capital expenditure prior to 1 April 2008 as if the previous regulations were still in force.

The authority is required, under the 2008 regulations, to prepare an annual statement of their policy on making MRP for submission to Council. The Council's policy statement on MRP for 2010-11 (which also applied to 2008-09 and 2009-10) is set out in the following paragraphs:

*The Council will implement the new Minimum Revenue Provision (MRP) guidance in 2008-09 and future years, and assess their MRP for 2008-09 and future years in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.*

*MRP relating to the historic debt liability incurred for years up to and including 2007-08 will continue to be charged at the rate of 4% on the reducing balance, in accordance with option 1 of the guidance, the "regulatory method".*

*The debt liability relating to capital expenditure incurred in 2008-09 and future years will be subject to MRP under option 3, the "asset life method", and will be charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.*

*Estimated life periods will be determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council will generally adopt these periods. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.*

*As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner that reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.*



## Annex D

*Where finance leases are held on the balance sheet, the MRP will be set at a charge equivalent to the element of the annual lease charge that goes to write down the balance sheet liability, thereby applying Option 3 in a modified form.*

*The Council will take advantage of any transitional arrangements introduced to minimise or negate the impact of retrospective accounting adjustments as a result of the transfer to the balance sheet of finance leases previously treated as operating leases under the introduction of IFRS.*

Applying the policy as set out above, MRP for the next three years is estimated at:

	2010-11 £000	2011-12 £000	2012-13 £000
Repayment of debt principal (MRP)	722	902	959

### 5. Borrowing Requirement

The Council's long-term borrowing requirement for the next three years is estimated at:

		2010-11 £m	2011-12 £m	2012-13 £m
(i)	New borrowing to cover new capital expenditure	6.125	5,853	10.168
(ii)	Replacement of loans maturing in year	0.00	0.00	0.00
(iii)	Less: debt repayment (see Section 4)	(0.722)	(0.902)	(0.959)
	<b>Total new borrowing/ (provision for debt repayment)</b>	<b>5.403</b>	<b>4.951</b>	<b>9.209</b>

See Section 3 above for the Council's strategy on new borrowing for capital expenditure in 2010-11 to 2012-13.

### 6. Debt Rescheduling

As is the current practice, the debt portfolio will be kept under review throughout 2010-11 and beyond; with debt rescheduling opportunities being investigated for potential cash savings and / or discounted cash flow savings or to enhance the balance of the portfolio.

Recent changes to accounting regulations, and to the structure of PWLB rates, mean that rescheduling opportunities are more limited

than in the past, but decisions will be based on appropriate advice from the Council's external treasury management advisers.

LOBO loans of £15.6m, 50% of the current debt portfolio, are due for repayment in 2014-15. Officers are investigating options to manage this, and will consult with the Council's treasury advisers to determine whether it is prudent to let these loans run their full course or to repay or reschedule them.

Any debt rescheduling will be reported to Cabinet at the meeting following its action.

### 7. Long Term Interest Rates for Borrowing

Interest rates on PWLB and Money Market loans fluctuate daily according to market conditions, and in accordance with movements on the gilt market.

The table below illustrates the prevailing PWLB rates and forecasts to Quarter 4 (December) 2011. The forecasts are as at 30 January 2010 and are provided by Sector Treasury Services Ltd.

<b>Long Term Borrowing Rates - PWLB Maturity Loan Interest Rates</b>			
	<b>10 Years</b>	<b>25 Years</b>	<b>50 Years</b>
	<b>%</b>	<b>%</b>	<b>%</b>
<b>2010</b>			
Forecast Quarter 1	4.00	4.55	4.60
Forecast Quarter 2	4.05	4.65	4.70
Forecast Quarter 3	4.15	4.70	4.75
Forecast Quarter 4	4.30	4.80	4.90
<b>2011</b>			
Forecast Quarter 1	4.45	4.90	5.00
Forecast Quarter 2	4.60	5.00	5.10
Forecast Quarter 3	4.80	5.05	5.15
Forecast Quarter 4	4.90	5.10	5.20

Due to the external interest rate environment, the LOBO market is not currently widely available to local authorities, and as a result LOBO rates are not being published at the present time.

### 8. Sensitivity of Forecasts

In normal times the main sensitivities of the forecast are likely to be the two scenarios below. Officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of view:

- If it were felt that there was a significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be used whilst interest rates were still relatively cheap.
- If it were felt that there was a significant risk of a sharp fall in long and short term rates, due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

The borrowing and investment market remains very subdued at the present time. Borrowing has recently been undertaken (January 2010) at current rates in anticipation of future rate increases. Internal borrowing to support capital expenditure in the current environment of low investment returns is also being utilised.

Because of the Council's relatively low debt position and the unlikelihood of having to undertake further external borrowing to fund the capital programme expenditure until 2012-13, the impact on the Council of changes to interest rate forecasts related to new borrowing is not significant in the same way as that of investments – see Section 22 below.

A significant proportion of around 77% of the Council's long-term debt is in the form of Money Market LOBO (Lenders Option, Borrowers Option) loans. Officers consider that the degree of risk on these loans in the current interest rate environment is low.

### 9. Borrowing Strategy

The Prudential Code requires that where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy.

The Council has a significant excess of investments over borrowings. Average values forecast for 2010-11 are £57.4m and £31.4m respectively, making a negative difference of £26m between gross debt and net debt after deducting cash balances.

The Council aims to reduce the difference between the two debt levels over the next three years in order to reduce the credit risk incurred by holding investments. The use of internal borrowing in recent years has already reduced substantially the level of credit risk and this will continue. Another factor that will be carefully considered is the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

There are benefits and risks to the use of internal and external borrowing. In the current interest rate environment these are as follows:

- Over the next three years, investment rates are expected to be below long term borrowing rates and so value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt. This would maximise short-term savings.
- However, short term savings by avoiding new long term external borrowing must also be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing until later years when long term rates are forecast to be significantly higher

In view of these factors a combination of both internal and external borrowing will be used to finance the capital programme funding requirements of the next three years.

Internal borrowing – This is the management of cash flows, using funds from maturing investments within the financial year, to finance capital programme expenditure. As long term borrowing rates are currently higher than rates on investment income and look likely to remain so in the short term, this is a viable strategy. The running down of investments also has benefits of reducing exposure to interest rate and credit risk. Internal borrowing of around £5.5m over the next three years is anticipated, and this has been built into cash flow and debt financing budget forecasts.

External borrowing - Once the affordability of external borrowing to finance capital programme funding requirements has been established and the balanced capital programme and revenue budgets approved, decisions about when to borrow are driven by the forecasts on interest rates. Advice is sought from the Council's treasury management advisors before entering into any long-term loan arrangements.

All long-term external borrowing requires the express approval of the Chief Finance Officer, who should also sign any associated internal or

external approval or authorisation documentation. The Chief Finance Officer has the delegated authority to take the most appropriate form of borrowing from approved sources.

£6m of new borrowing with the Public Works Loans Board has been undertaken in 2009-10, in anticipation of capital programme expenditure during the current and following two years as current borrowing rates are at a low point compared with forecasts. This comprised fixed rate maturity loans of £2m to January 2016, £2m to January 2017 and £2m to January 2018 at rates of 3.47%, 3.75% and 3.97% respectively. The Council's strategy is to replace these with longer-term loans on expiry or when longer-term rates are at a sufficiently low level.

It is anticipated that external borrowing of a further amount of £8m will be required in 2012-13, and this has been built into cash flow and debt financing budget forecasts.

### 10. Prudential Indicators

The proposed prudential indicators that relate to the Capital Financing and Borrowing Strategy are set out below. These are included in a separate report to Cabinet. Full explanations for each of the indicators can be found in Annex B of the Prudential Indicators for Capital Finance 2010-11 to 2012-13.

#### ***Authorised limit for total external debt***

The proposed authorised limit for total external debt gross of investments for the forthcoming, and following two financial years is:

Authorised limit for external debt			
	2010-11	2011-12	2012-13
	Limit £000	Limit £000	Limit £000
Borrowing	48,000	48,000	53,000
Other long-term liabilities	2,000	2,000	2,000
TOTAL	50,000	50,000	55,000

**Operational boundary for total external debt**

The proposed operational boundary for total external debt for the forthcoming, and following two financial years is:

Operational boundary for external debt			
	2010-11	2011-12	2012-13
	Boundary £000	Boundary £000	Boundary £000
Borrowing	43,000	43,000	48,000
Other long-term liabilities	2,000	2,000	2,000
TOTAL	45,000	45,000	50,000

Other long-term liabilities, shown in both tables above, relate to finance leases, which are currently at negligible values, but which may increase with the introduction of IFRS related accounting changes.

**11. Treasury Indicators**

The proposed treasury indicators that relate to the Capital Financing and Borrowing Strategy are set out below. These indicators were previously treated as prudential Indicators, but the revised codes and guidance now require them to be included in the Treasury Strategy as treasury indicators.

***Maturity Structure of Borrowing***

This represents the amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate at the start of the period where the periods in question are:

- Under 12 months;
- 12 months and within 24 months;
- 24 months and within 5 years;
- 5 years and within 10 years;
- 10 years and above.

This sets both upper and lower limits with respect to the maturity structure of the Council's borrowing.

The proposed limits for the forthcoming year are:

Maturity structure of borrowing		
	Lower Limit %	Upper Limit %
Under 12 months	0%	25%
1-2 years	0%	25%
2-5 years	0%	50%
5-10 years	0%	100%
Over 10 years	0%	100%

LOBO loans of £15.6m, just below 50% of the portfolio, are due for repayment in 2014-15, within the 2 to 5 year period. Officers are investigating options to manage this, and will consult with the Council's treasury advisers to determine whether it is prudent to let these loans run their full course or to repay or reschedule them.

Risk – The debt maturity profile is actively managed to ensure that debt maturity is prudently spread across future years. This ensures that the Council can properly plan for the maturity of its borrowings, and is not exposed to unmanageable risks.

## **12. Affordable Borrowing Limit**

The Local Government Act 2003 and supporting regulations require the Council to determine and keep under review how much it can afford to borrow. The amount determined is termed the "Affordable Borrowing Limit". This is equivalent to the authorised limit at Section 10 above.

Affordable Borrowing Limit		
2010-11 Limit £000	2011-12 Limit £000	2012-13 Limit £000
50,000	50,000	55,000

Accounting regulations allow local authorities to forward funding for their capital programmes up to a maximum of three years. The affordable borrowing limit figures include a provision for future forward funding should it be advantageous to do so.

Cabinet are asked to recommend to Council that they approve the Affordable Borrowing Limits for 2010-11 to 2012-13.

### **13. Temporary Borrowing**

The Council may occasionally undertake short-term temporary borrowing if this is needed to cover its cash flow position. The maximum amount of temporary borrowing that the Council will borrow from any one counterparty will be £5m.

In addition, under long standing arrangements, the Council manages deposits from two local organisations. Formal agreements were set up with these organisations from 1<sup>st</sup> April 2009. These contain the following operational arrangements:

- Interest rates set in line with the average rate of interest achieved by the Council in the preceding period, less 0.5%
- Quarterly review of interest rates
- Withdrawal notice periods of 7 days
- Termination notice of 7 days

### **14. Overdraft Facilities**

The Council has a £200k overdraft facility with its bankers, the Co-operative Bank, for which an annual fee of 0.25% (£500) applies. The overdraft rate applicable to use of the agreed facility is 2% above base rate. Borrowing in excess of the agreed facility is charged at 5% above base rate.

The overdraft facility is only used to cover unforeseen events; usage is kept to a minimum and generally occurs only as a result of events outside of the Council's control; for example, failure by third parties to make agreed payments. The use of the overdraft facility is monitored on a daily basis and reported monthly to senior managers through the performance reporting framework. Performance against target has improved significantly during 2009-10 due to the application of more efficient and robust cashflow monitoring processes.



## Investment Strategy

### 15. Current Investment Portfolio

The investment portfolio as at 31 January 2010, including deposit and call accounts, was as follows:

	£m	%
Banks outside the UK with sovereign (country) ratings of AAA	13.0	20.1
UK banks and building societies supported by the UK banking system support package	14.2	21.9
UK nationalised or part nationalised banking institutions	29.6	45.7
Debt Management Office	1.0	1.5
Other Local Authorities	7.0	10.8
Total	64.8	100

The portfolio includes a small amount placed with the Council's own bankers, the Co-operative Bank as at 31<sup>st</sup> January 2010. Amounts are placed with the Co-op Bank for operational purposes only as the bank does not currently meet the Council's investment counterparty criteria.

### 16. Specified/Non specified Investments

Under the Local Government Act 2003 the Council is required to have regard to the CLG (formerly ODPM) Guidance on Local Government Investments issued in March 2004 and CIPFA's Treasury Management in the Public Services Code of Practice (Fully Revised Second Edition 2009) and updated Guidance Notes (Fully Revised Third Edition 2009).

The CLG Guidance on Local Government Investments requires that investments are split into two categories:

- (i) Specified investments – broadly, sterling investments, not exceeding 364 days and with a high credit rating.
- (ii) Non-specified investments – do not satisfy the conditions for specified investments. This may include investment products

that would normally be considered as specified investments, but are judged to have a higher level of risk than normal attached to them.

The detailed conditions attached to each of these categories are set out in the TMPs at Annex C.

Updated CLG Guidance on Local Government Investments is due to be published in 2010, with an implementation date of 1 April 2010.

### **17. Investment Strategy**

The Council's appetite for risk must be clearly identified in its strategy report. The Council affirms that priority will be given to the security of capital and liquidity when investing funds. This will be carried out by strict adherence to the risk management and control strategies set out in the Schedules to the Treasury Management Practices and the Treasury Management Strategy.

Responsibility for risk management and control lie within the Council and cannot be delegated to an outside organisation.

The Council's counterparty and credit risk management policies are set out at the Schedule to the TMP1 Risk Management (Credit and counterparty risk management) and its approved instruments for investments are set out at the Schedule to TMP 4 Approved Instruments, Methods and Techniques. These, taken together, form the fundamental parameters of the Council's Investment Strategy

#### ***Specified Investments***

The majority of the Council's investments in 2010-11 will fall into the category of specified investments.

Further counterparty limits may be put in place to minimise risk to the authority (see Section 18 below)

#### ***Non-Specified Investments***

Prior to the start of each financial year officers review which categories of non-specified investments they consider could be prudently used in the coming year. The officer recommendation for 2010-11 is that long-term investments (those for periods exceeding 364 days) could prudently be used where interest rates are favourable and funds are not required for short-term cashflow management. This is subject to an evaluation of counterparty and other risk.

Advice will be taken from the Council's external treasury advisors before entering into any long-term investments.

Only counterparties in the Council's current approved counterparty list that have limits of over 364 days will be used for such investments.

Any overall stricter limits in force in the Council's investment counterparty policies at any time will take precedence.

The maximum amount that the Council will hold at any time during the year as long-term investments is £8.5m. This is just below 15% of the forecast average level of total investments in 2010-11, which is around £57m. This level of longer-term investment could be undertaken without having an adverse effect on the required liquidity of cashflow.

### ***Capital Expenditure***

The Council may make loans to third parties for the purpose of capital expenditure as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146)

## **18. Counterparties**

Policies for the management of counterparty and credit risk are set out at Section 1 of the Schedule to TMP 1, attached to the accompanying Cabinet report at Annex C.

The Council's approach to counterparties for 2010-11 is set out below:

The Chief Finance Officer (CFO) will use the recommendations of the creditworthiness service provided by the Council's external treasury advisers to determine suitable counterparties and the maximum period of investment, using the ratings assigned.

The CFO will determine, in the context of the above, and taking into account appropriate risk management factors:

- Any further criteria to be put in place to determine suitable counterparties
- The maximum investment amount to be held with each type of counterparty assigned a rating
- The maximum investment period with each type of counterparty assigned a rating

## Annex D

	Investments may be placed with counterparties within the maximum periods recommended by the Council's external treasury advisors, and which meet the following criteria:	<b>Additional limits</b>
(1)	Counterparties having sovereign ratings of AAA (Overseas or UK)	NBC <b>additional limits</b> in force will be £12m and a maximum of 12 months (364 days).
	Or:	
(2)	UK nationalised or part nationalised banking institutions	NBC <b>additional limits</b> in force will be £15m and a maximum of 12 months (364 days).
	Or;	
(3)	UK banks or building societies supported by the UK banking system support package	NBC <b>additional limits</b> in force will be £15m and a maximum of 2 years (729 days).

A schedule is attached at Annex D of counterparties that meet the criteria above as at 31 January 2010. This schedule is at a particular point in time and is subject to change according to changes in credit ratings and other economic and market data. Maximum investment periods (currently from 3 months to 364 days) will also vary for individual counterparties for the same reasons. The inclusion or exclusion of counterparties from this schedule is entirely a reflection of the Council's investment criteria, which may differ from those of other organisations.

It should be noted that the inclusion of counterparties in a counterparty list does not necessarily mean that they will be in the market for investment deals at any one point in time.

For the purposes of setting limits, institutions within the same banking group (eg Lloyds Banking Group) will be treated as a single counterparty.

Investments may also be placed with other local authorities and with the Government Debt Management Office (DMO). The limits will be £15m, for periods of up to 364 days.

The maximum percentage of the portfolio that may be placed with overseas counterparties at any one time is 50%.

Other investments that fall within the category of specified investments as set out in the schedule to TMP4 may also be made, up to a limit of £12m and 364 days with any individual counterparty. Any type of specified investment that has not been used by the Council within the previous twelve-month period will only be entered into after consultation with the Council's external treasury management advisors, and with the express approval of the Chief Finance Officer.

Deposits may be placed with the Council's own bankers, the Co-operative Bank plc. These will generally be for small amounts of up to £100k. However amounts of up to £5m may be placed for periods of up to a week for operational purposes should the need arise.

The Chief Financial Officer has discretion during the financial year to lift or increase the restrictions on the counterparty list and/or to adjust the associated lending limits on values and periods should it become necessary to enable the effective management of risk in relation to investments. At all times the Council's minimum level of credit risk, as set out at the Schedule to TMP1, will be met.

The total value of investments over 364 days at any one time is restricted by the treasury indicator for the upper limit on investments for periods longer than 364 days (See Section 24 below). For 2010-11 this is £8.5m.

### **19. Liquidity of Investments**

Most short-term investments are held for cashflow management purposes and officers will ensure that sufficient levels of short-term investments and cash are available for the discharge of the Council's liabilities. Investment periods range from overnight to 364 days as specified investments or longer as a non-specified investment.

The average period of each new investment in the current financial year, as at 31 January 2010 is 79 days. When deciding the length of each investment, regard is had to both cashflow needs and prevailing interest rates.

For short term and overnight investment the Council makes full use of appropriate bank call and deposit accounts offering competitive rates and in most instances instant access to funds.

As referred to in Section 17 above, it is recommended that a maximum total of £8.5m be invested for periods exceeding 364 days (if interest rates are favourable) and in accordance with counterparty limits. The balance of funds will be held as short-term investments (under 365 days).

## **20. Bank Base Rates**

The bank base rate has been held steady at its current all time low of 0.50% since March 2009, whilst the Bank of England has pursued its alternative course of quantitative easing.

The current interest rate view of Council's treasury management advisors is that bank base rate will gradually begin to rise from current levels from the third quarter of 2010 as the economy starts to gather speed in its recovery from the global recession.

The rate is then expected to continue a steady rise until it reaches 4.5% in Q1 2013. There is downside risk to these forecasts if the recession proves to be deeper and more prolonged than currently expected.

The table below shows the Council's treasury advisors forecast bank base rates for 2010 to 2012:

<b>Base Rate</b>	<b>2010 Forecast</b>	<b>2011 Forecast</b>	<b>2012 Forecast</b>
Quarter 1	0.50%	1.50%	3.50%
Quarter 2	0.50%	2.25%	3.75%
Quarter 3	0.75%	2.75%	4.25%
Quarter 4	1.00%	3.25%	4.25%

## **21. Short Term Interest Rates for Investments**

Short-term interest rates for investments tend to be linked to the bank base rate levels, and in the current economic climate these are abnormally low, and forecast to remain so for some time.

The Council's treasury advisors have advised that the Council should budget for an investment return of 1% on investments placed during 2010-11. Officers have reduced this by a further 0.25% to build in a contingency to allow for prudent budgeting.

The rate of return used to build the debt-financing budget for 2009-10 was 2%, and the average rate of return to 31 December 2009 was 1.82%. The reduction in rates over the high levels of previous

years (in 2007-08 the average rate of return was 5.26%) has had a significant impact on the forecast of income from investments.

In 2010-11, at an average forecast balance of £57.4m, the loss of income is around £574k per 1% reduction in rates. As some of the cash being invested relates to HRA balances, a proportion of the impact is passed on to the HRA and offset against the HRA subsidy calculations; the remaining balance has a direct hit on the General Fund budget.

The impacts of the interest rate reductions have been included in the 2010-11 debt-financing budget included in the Council's Revenue Budget 2010-11 to 2012-13 report.

### **22. Sensitivity of Forecasts**

The amount that can be earned on interest on investments is sensitive to changes in the prevailing interest rates. This is particularly marked in the current economic climate. Officers have budgeted prudently, and the rates achievable on investments are currently so low that it is unlikely that they would drop further, so any swing would more likely be towards the upside.

Officers, in conjunction with the Council's treasury advisors, will continually monitor both the prevailing interest rates and market forecasts, taking corrective action as required.

Any impact on the debt-financing budget of changes in forecast returns will be reported to Cabinet as part of the monthly revenue budget monitoring reporting.

### **23. Prudential Indicators**

There are no prudential indicators that relate specifically to the Investment Strategy.

### **24. Treasury Indicators**

The proposed treasury indicators that relate to the Investment Strategy are set out below. These indicators were previously treated as prudential Indicators, but the revised codes and guidance now require them to be included in the Treasury Strategy as treasury indicators.

#### ***Upper limits on interest rate exposures***

The Council must set for the forthcoming financial year and the following two financial years, upper limits to its exposure to the effect of changes in interest rates. These limits relate to both fixed interest rates and variable interest rates, and are referred to as the upper limits on fixed interest rate and variable interest rate exposures.

These limits can be expressed either as absolute amounts or as a percentage. They may be related either to the authority's net principal sum outstanding on its borrowing/investments or to the net interest on these. The Council has chosen to work to a limit represented as an absolute amount of principal sums. Officers consider this to be the most transparent and straightforward method.

The treasury management guidance states that where in doubt borrowing and investments should be treated as being at variable rates for the purposes of these indicators. With this in mind, borrowing in the form of LOBOs (Lenders Option, Borrowers Option) has been treated as being at variable rates, as the rates are reviewed at agreed intervals of typically 6 months or a year. Additionally, money market investments of less than one year at fixed rates are treated as variable rate investments due to their short-term nature.

Since the Council has a significant excess of investments over debt, both calculations should result in a negative figure. The upper limit has therefore been set at zero – i.e. a positive result representing an excess of fixed or variable rate debts over fixed or variable rate investments would exceed the limit.

Proposed upper limits on interest rate exposures for the forthcoming, and following two financial years are therefore:

Upper limits on interest rate exposures		
	Fixed Interest Rate Exposures £000	Variable Interest Rate Exposures £000
2010-11	0	0
2011-12	0	0
2012-13	0	0

### **Total principal sums invested for periods longer than 364 days**

Under the Local Government Act 2003 and the CLG (formerly ODPM) Guidance on Local Authority Investments 2004, all Councils are now permitted to invest for periods exceeding 1 year (or 364



days). The Council is required to set a limit to the level of such investments it might wish to make.

This limit can be expressed as a percentage or as an absolute amount (i.e. a monetary figure). The Council has chosen to work to a limit represented as an absolute amount as officers consider this to be the most transparent and method and the more straightforward to monitor.

The limit has been set at a level that would allow for monies not anticipated to be spent in year e.g. capital receipts, to be invested for longer periods if interest rates are favourable.

The proposed limits for the forthcoming, and following two financial years are as follows.

Upper limit on investments for periods longer than 364 days	
	Upper Limit £000
2010-11	8,500
2011-12	7,000
2012-13	6,500

Risk analysis – This upper limit has been set at a prudent level (below 15% of forecast total external investments in each year) in order not to compromise cash flow liquidity.

## Counterparties meeting NBC investment criteria for 2010-11 as at 31 January 2010

Institution	Country	Maximum Amount (£m)
Bank of Montreal	Canada	12
Bank of Nova Scotia	Canada	12
Canadian Imperial Bank of Commerce	Canada	12
National Bank of Canada	Canada	12
Royal Bank of Canada	Canada	12
Toronto Dominion Bank	Canada	12
Danske Bank As	Denmark	12
Nordea Bank Finland plc	Finland	12
BNP Paribas	France	12
Credit Industriel et Commercial	France	12
Credit Agricole SA	France	12
Societe Generale	France	12
UniCredit Bank AG	Germany	12
Deutsche Bank AG	Germany	12
Deutsche Postbank AG	Germany	12
Landesbank Berlin AG	Germany	12
DZ Bank AG	Germany	12
Landesbank Hessen-Thuringen Girozentrale	Germany	12
Landwirtschaftliche Rentenbank	Germany	12
Banque et Caisse d'Epargne de L'Etat	Luxembourg	12
Clearstream Banking	Luxembourg	12
Bank Nederlandse Gemeenten	Netherlands	12
ING Bank NV	Netherlands	12
Cooperatieve Centrale Raiffeisen - Boerenleenbank BA	Netherlands	12
DnB NOR Bank	Norway	12
DBS Bank Ltd	Singapore	12
Oversea-Chinese Banking Corporation Ltd	Singapore	12
United Overseas Bank Ltd	Singapore	12
Banco Bilbao Vizcaya Argentaria	Spain	12
Banco Santander	Spain	12
Confederacion Espanola de Cajas de Ahorros	Spain	12
Nordea Bank AB	Sweden	12
Svenska Handelsbanken	Sweden	12
Credit Suisse	Switzerland	12
Bank of America, NA	USA	12
Bank of New York Mellon	USA	12
Citibank, NA	USA	12
Deutsche Bank Trust Company Americas	USA	12
HSBC Bank USA, National Association	USA	12
JP Morgan Chase Bank NA	USA	12
Northern Trust Company	USA	12
State Street Bank and Trust Company	USA	12
Wachovia Bank National Association	USA	12
Wells Fargo Bank NA	USA	12

## Annex E

Santander UK plc	<b>UK*</b>	<b>15</b>
- <i>Abbey National Treasury Services plc</i>	<i>UK*</i>	<i>15</i>
- <i>Cater Allen</i>	<i>UK*</i>	<i>15</i>
- <i>Alliance &amp; Leicester Plc (not covered by Santander support)</i>	<i>UK</i>	<i>12</i>
Bank of New York Mellon (International) Ltd	UK	12
Barclays Bank plc	UK*	15
Citibank International Plc	UK	12
Clydesdale Bank	UK	12
Credit Suisse International	UK	12
Crown Agents Bank Ltd	UK	12
HFC Bank Ltd	UK	12
HSBC Bank plc	UK*	15
MBNA Europe Bank	UK	12
Nationwide Building Society	UK*	15
Standard Chartered Bank	UK*	15
Sumitomo Mitsui Banking Corporation Europe Ltd	UK	12
UBS Ltd	UK	12
Lloyds Banking Group	<b>UK</b>	<b>15</b>
- <i>Bank of Scotland plc</i>	<i>UK</i>	<i>15</i>
- <i>Lloyds TSB Bank plc</i>	<i>UK</i>	<i>15</i>
- <i>Cheltenham and Gloucester plc</i>	<i>UK</i>	<i>15</i>
Royal Bank of Scotland Group	<b>UK</b>	<b>15</b>
- <i>ABN AMRO Bank NV</i>	<i>UK</i>	<i>15</i>
- <i>National Westminster Bank Plc</i>	<i>UK</i>	<i>15</i>
- <i>Royal Bank of Scotland</i>	<i>UK</i>	<i>15</i>
- <i>Ulster Bank Ltd</i>	<i>UK</i>	<i>15</i>
Other Local Authorities	UK	15
Debt Management Office	UK	15

\* UK banks or building societies supported by the UK banking system support package

This schedule is at a particular point in time and is subject to change according to changes in credit ratings and other economic and market data. Maximum investment periods (currently from 3 months to 364 days) will also vary for individual counterparties for the same reasons.

The inclusion or exclusion of counterparties from this schedule is entirely a reflection of the Council's investment criteria, which may differ from those of other organisations.

# ANNEX F

## DEBT FINANCING & DEBT MANAGEMENT

	Budget 2010-11 £	Budget 2011-12 £	Budget 2012-13 £
<b>Debt Financing &amp; Interest</b>			
<b><u>INTEREST PAYABLE</u></b>			
<b>Interest on Long Term Debt</b>			
Existing Borrowing	1,382,500	1,381,120	1,377,130
New Borrowing	263,800	263,800	687,800
Commission for New Towns - Annual Annuity	114,890	113,440	111,860
<b>Total Interest on Long Term Debt</b>	<b>1,761,190</b>	<b>1,758,360</b>	<b>2,176,790</b>
<b>Other Interest Payable</b>			
Interest on Temporary Borrowing	1,500	5,500	7,500
Other Misc Interest	13,170	10,570	11,110
<b>Total Other Interest</b>	<b>14,670</b>	<b>16,070</b>	<b>18,610</b>
<b>TOTAL INTEREST PAYABLE</b>	<b>1,775,860</b>	<b>1,774,430</b>	<b>2,195,400</b>
<b><u>INTEREST RECEIVABLE</u></b>			
Interest on Investments	(430,500)	(1,308,400)	(1,711,400)
Other Misc Interest	0	0	0
<b>TOTAL INTEREST RECEIVABLE</b>	<b>(430,500)</b>	<b>(1,308,400)</b>	<b>(1,711,400)</b>
<b>NET INTEREST PAYABLE/RECEIVABLE</b>	<b>1,345,360</b>	<b>466,030</b>	<b>484,000</b>
<b><u>OTHER ADJUSTMENTS</u></b>			
<b><u>Recharges to/from HRA</u></b>			
Interest on Cash Balances	41,900	146,700	175,300
HRA Interest	46,300	44,800	(340,000)
Debt Management Recharges			(33,560)
<b>Total Recharges to/from HRA</b>	<b>88,200</b>	<b>191,500</b>	<b>(198,260)</b>
<b><u>Repayment of Debt</u></b>			
Minimum Revenue Provision	732,440	897,470	954,260
<b>Total Repayment of Debt</b>	<b>732,440</b>	<b>897,470</b>	<b>954,260</b>
<b>Earmarked Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OTHER ADJUSTMENTS</b>	<b>820,640</b>	<b>1,088,970</b>	<b>756,000</b>
<b>Total Debt Financing &amp; Interest</b>	<b>2,166,000</b>	<b>1,555,000</b>	<b>1,240,000</b>
<b><u>Debt Management</u></b>			
Professional Services	12,180	12,180	12,180
Bank Charges	100,000	100,000	100,000
Recharges	204,190	204,190	204,190
Other Miscellaneous Income	(57,000)	(57,000)	(57,000)
<b>Total Debt Management</b>	<b>259,370</b>	<b>259,370</b>	<b>259,370</b>

**DEBT FINANCING & DEBT MANAGEMENT**

<b>Budget 2010-11</b>	<b>Budget 2011-12</b>	<b>Budget 2012-13</b>
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**Treasury Strategy 2010-11 to 2012-13**  
**Abbreviations used in the Report and Annexes**

AA	Assistant Accountant
AAT	Association of Accounting Technicians
AIS	Annual Investment Strategy
BACS	Bankers' Automated Clearing Services
BVACOP	Best Value Accounting Code of Practice
CAA	Comprehensive Area Assessment
CCAB	Consultative Committee of Accountancy Bodies
CD	Certificate of Deposit
CFO	Chief Finance Officer
CHAPS	Clearing House Automated Payment System
CIPFA	Chartered Institute of Public Finance and Accountancy
CLG	Communities and Local Government
DMO	Debt Management Office
FMCT	Finance Manager Capital and Treasury
GDP	Gross Domestic Product
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standards
IPF	Institute of Public Finance
LIBID	London Interbank Bid Rate
LIBOR	London Interbank Offered Rate
LOBO	Lenders Option Borrowers Option
MMF	Money Market Fund
MRP	Minimum Revenue Provision

NDR	Non Domestic Rate
NIPs	Non Investment Products
PWLB	Public Works Loan Board
RSG	Revenue Support Grant
SOPP	Statement of Professional Practice
SORP	Statement of Recommended Practice
TA	Trainee Accountant
TMPs	Treasury Management Practices

# Treasury Strategy 2010-11

## Initial Screening

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### Equality Impact Assessment – screening.

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Name of Strategy/Policy: Treasury Strategy 2009-10 Date of Assessment: Feb 2010

Is this a new or updated Policy? New ☐ Updated ☒

How is the Strategy/Policy finalised/adopted: Cabinet/Board ☐ Delegated ☐ Council ☒

Lead Officer conducting the assessment: Bev Dixon Job Title: Finance Manager (Capital & Treasury)

Service area: Finance Contact details: Ext 7401

**Others involved in the assessment** *(this could include service users, front line officers, people with specialist knowledge or interest):*  
Rebecca Smith

**Identify what the activity is trying to achieve – why is the Policy/activity<sup>1</sup> required** *(is there a statutory duty, how was the issue identified, who was the originator of the activity, etc).*

The Annual Treasury Management Strategy report is submitted to Council before the start of the financial year, consisting of a review of the Council's approved clauses, treasury management policy statement and practices and a strategy report on the proposed treasury management activities for the year.

The report asks Cabinet to recommend to Council that they approve:

- a) The adoption of the revised CIPFA Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009)
- b) The replacement of existing paragraph 5.9 of the Council's Financial Regulations with the wording at Annex A
- c) The Treasury Management Policy Statement at Annex B
- d) The Treasury Management Practices (TMPs) and TMP Schedules for 2010-11 at Annex C
- e) The Treasury Strategy for 2010-11 at Annex D, incorporating:

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<sup>1</sup> Policy/activity in this context includes policies, services, strategies, functions, projects, plans, restructures, major events, etc



(i) The Capital Financing and Borrowing Strategy for 2010-11 including:

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit for 2010-11 as required by the Local Government Act 2003.

(ii) The Investment Strategy for 2010-11 as required by the CLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

The report asks Cabinet to recommend to Council that they note:

- a) The proposed Debt Financing Budget 2010-11 to 2011-12 (paragraph 3.2.15 and Annex F).
- b) Adherence to the Council's policy on reserves and balances (paragraph 3.2.16).
- c) Compliance with the requirement under the Local Government Act 2003 to produce a balanced budget (paragraph 3.2.17 & 3.2.18).

The Treasury Strategy (Annex D) includes the following elements:

### Capital Financing and Borrowing Strategy

- Capital Financing
- Existing Borrowing
- New Borrowing
- Minimum Revenue Provision
- Borrowing Requirement
- Debt Rescheduling
- Long Term Interest Rates for Borrowing
- Sensitivity of Forecasts
- Borrowing Strategy
- Prudential Indicators
- Treasury Indicators
- Affordable Borrowing Limit
- Temporary Borrowing
- Overdraft Facilities

### Investment Strategy

- Current Investment Portfolio
- Specified/ Non specified Investments
- Investment strategy;
- Counterparties

- Liquidity of Investments
- Bank Base Rate
- Short Term Interest Rates for Investments
- Sensitivity of Forecasts
- Prudential Indicators
- Treasury Indicators

**Purpose of the Policy/activity.** *(What does the activity entail? Consider how the activity relates to the council's equality and diversity duties and strategic priorities, etc).*

The purpose of the Treasury Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse

The Council is required to keep its treasury management strategy under review and monitor against it. The strategy should reflect the requirements of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009).

This contributes positively to Comprehensive Area Assessment (CAA) Use of Resources requirements. This supports the Council's priority to be a well-managed organisation that puts customers at the centre of what we do.

**Identify the main beneficiaries or people affected by the issue** *(who benefits or is affected - local residents and users of area, community at large, visitors to the town, contractors working in the area, people delivering the service etc).*

Northampton Borough Council, Residents of Northampton (Council tax and rent payers)

**What information exists already?**

Treasury Strategy 2009-10 to 2010-11 approved by Council 26 February 2009

**Has any consultation been undertaken on this or related issue?**

No external consultation is required. The CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009) and the accompanying Guidance Notes for Local Authorities (Fully revised third edition 2009) broadly determine the format and content

**Are any reports or other relevant documents available from our organisation or from partners or other sources?**

Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009) and other associated statutory and regulatory guidance

**Which parts of the activity have the potential for adverse impact or to discriminate unlawfully?** *(Factors or issues that could contribute to inequality, consider risks and opportunities).*

None

**Could a particular sector of the community be disadvantaged by the strategy/policy.**

Yes ☐ No ☒ *(give details of any evidence you may have)*

**If yes**, proceed to undertake a full [Equality Impact Assessment](#) (EIA)

**If no**, then have this confirmed by the Corporate Equalities Steering Group representative for your area and signed off by your Service Head / Corporate Director/ Board. In the event of any queries, check with a member of the Policy team.

**Action points** *(please make this SMART-state what/who/how/when)*

To consider the potential impact of the strategy and associated documents (including Treasury Management Practices (TMPS) and the Schedules to the TMPs) on the different equalities groups as it is developed and put together each year.

To consider the potential impact on the different equalities groups of any processes, procedures or outcomes arising from the above

To include wording to that effect in the annual treasury strategy document.

**I agree that this policy/activity should not proceed to a full Impact Assessment**  
(If appropriate, date equality impact assessment will commence)

**Confirmed by:**

**Signed by:**

**Please attach a copy of this screening to the document it relates** ✓

**Copy to be sent to Policy Team Leader at [policy@northampton.gov.uk](mailto:policy@northampton.gov.uk)** ✓