Appendix A

NORTHAMPTON
BOROUGH COUNCIL

NORTHAMPTON BOROUGH COUNCIL

Medium Term Financial Strategy

2010/11 to 2012/13

Contents

OVERVIEW

Purpose of the document

The purpose of the Council's Medium Term Financial Strategy (MTFS) is to support the Council's corporate planning process and to provide strategic financial direction, which will shape the Council's annual budget development and medium term financial plans.

It will help to identify external factors that are likely to put pressure on the council's finances in order that these can be properly taken into account in financial and service planning. Areas that can cause pressures of this sort include Government policy and new initiatives, economic climate, statutory changes, etc. Further information on such pressures can be found on page 17.

The MTFS provides a stable and sustainable financial framework against which the Council will plan and manage its priorities and resources to enable the effective delivery of its key plans and strategies aimed at delivering excellent and value for money services to its customers.

This document sets out the current and projected financial forecasts over a three-year planning period to March 2013 and is aimed at supporting the Council's 2010/11 to 2012/13 budget.

The Council approved its annual budget for 2009/10 in the February 2009. Council will approve the 2010/11 budget at its meeting in February 2010.

The strategy will be updated and rolled forward each year in preparation for the budget process.

Links to Key Corporate Plans and Strategies

The Council's Corporate Plan is a working document that exists to help elected Members, staff and partners work together to deliver our vision for Northampton"

"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 and lifestyle opportunities and where everyone who chooses to live here, work here or visit the town feels at home."

The Council's Corporate Plan details the Council's integrated planning process and the thread that links the Sustainable Community Strategy, the Council's ambition, aims and corporate priority areas through to service planning and individual staff performance. Our integrated process ensures we provide efficient and effective services that deliver value for money as well as securing continuous improvement in service delivery.

There is a clear line of sight between the Council's ambition and priorities and those of the Community Strategy. Developing the ambition and priorities involved consultation with many key stakeholders and analysis of current information available about residents' views. The priorities are refreshed annually with Councillors to ensure that they continue to be the right focus. They are then consulted upon as part of the annual corporate planning and budget consultation process. These shared ambitions were confirmed as being the most important for our communities in the last budget consultation process held earlier in the year and they merge seamlessly with national and local priorities. Consultation on the future priorities for the Council will commence in December and will continue alongside the budget consultation in January.

The Strategic linkage we aim for between the Corporate Plan and financial strategies is outlined in the following chart. This will ensure the entire planning process is integrated with a view to delivering value for money for all services delivered in accordance with the corporate ambition, aims and priorities.

REGIONAL SPATIAL STRATEGY

The Sustainable Communities Strategy for Northamptonshire

The Sustainable Communities Strategy for Northampton

LOCAL AREA AGREEMENT PRIORITIES

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

Northampton Borough Council Corporate Plan

Our ambition is "To be recognised as one of the best Councils, in terms of public service, within 5 years"

NBC strategic plans:

- Customer Excellence Strategy
- Community Engagement Strategy
- People Strategy
- ICT Strategy
- Risk Strategy
- VfM Strategy
- Joint Core Strategy
- Central Area Action Plan
- Procurement Strategy
- All other overarching strategic plans

Medium Term Financial Strategy and Value For Money framework – The budget

Service Plan Priorities

Team and individual work plans

NATIONAL AND EXTERNAL INFLUENCES

1. General

Both national and local factors will affect the final outcomes of the MTFS, for instance:

- The general economy and inflation rates.
- Changes in interest rates.
- Impact of market forces on costs and resource availability particularly with regard to major contracts and local market rates.
- The raising of community expectations for better services.
- Increases in demand due to changing demographics
- General election 2010,
- Central Government changes in legislation,
- Financial implications arising from new technology, and
- Organisational changes arising from shared services agenda, particularly through contribution to the regional efficiency strategy

2. Comprehensive Spending Review

The conclusions of CSR 2007 are challenging for local authorities. Among the key features for Local Government were:

- Removing ring fencing from grants totalling over £5bn nationally by 2010-11 (but not removing the responsibilities that these grants are meant to fund).
- Streamlining performance management through a single set of 198 indicators.
- Focus on delivering value for money and efficiency savings.
- Revised LABGI – but only £150m available nationally over the 3-year CSR period compared to £1bn in the previous three years.

It is anticipated that the next spending review will take place in 2010, although there is a chance it could be postponed for 12 months due to the general election. There is a precedent for postponement.

Expected key features from the next CSR include:

- Significant real terms reductions in formula grant focussed on services that are of lower priority at the national level.
- Stronger focus on delivering value for money and even higher levels of efficiency savings.
- Further review of asset management and utilisation.

3. Budget Report 2009

In his annual budget the Chancellor announced that the 3% local government's efficiency target set in the CSR 2007 would increase from £4.9bn to £5.5bn. Councils are expected to find 4% efficiency savings in 2010-11. Councils will retain the additional £600m to reinvest in services.

Beyond CSR07, the government will seek additional £9bn per annum efficiency savings across the public sector by 2013-14. Local authorities' share of these savings is not yet clear.

4 Formula Grant Distribution

The draft formula grant settlement for 2010/11 was announced in January 2008. The settlement was generally poor for district authorities, and in particular for those authorities at the floor, such as Northampton Borough Council.

The formula grant accounts for approximately 60% of the Council's main funding streams, and for 2010/11 the authority is due to have a formula grant increase of just 0.5%. In addition to this the capping regime remains firmly in place, limiting the council's ability to raise funds through council tax, which is further curtailed by reduced housing completions due to the recent fall in the housing market and limitations on people's ability to pay where they have been impacted by the credit crunch.

This places a heavy burden on the authority to find still more efficiency savings (the Government target for 2010/11 is a minimum of 4% new cashable efficiencies) or, as a last resort, service reductions to balance the budget.

It is anticipated that formula grant may see cuts affecting councils (district authorities in particular) in the next spending review, although it is too early to know the precise pattern, the following tables give an indication of the potential impact on funding for NBC of different scenarios:

Illustration 1 – Assumes a 7% decrease in year 1 of the CSR followed by a 3% decrease in year 2 and stand still in year 3.

	2010/11 Provisional £m	**2011/12 Estimate –7% £m**	**2012/13 Estimate –3% £m**	**2013/14 Estimate 0% £m**
Projected Grant	18.936	17.611	17.082	17.082
Change on Previous		-1.326	-.528	0

Illustration 2 – Assumes a 5% decrease in year 1 of the CSR followed by a 3% decrease in year 2 and stand still in year 3.

	2010/11 Provisional £m	**2011/12 Estimate –5% £m**	**2012/13 Estimate –3% £m**	**2013/14 Estimate 0% £m**
Projected Grant	18.936	17.990	17.450	17.450
Change on Previous		-0.947	-.540	0

The settlement for 2010/11 will be confirmed by CLG in January 2010, while the draft settlement for 2011/12 is due to be published in December 2010 and the final will be confirmed in late January/early February 2011.

The authority continues to work closely with Northamptonshire County Council and other districts in the local area to lobby Government for improvements to the funding for authorities in the local area, particularly in view of the growth agenda and the inappropriate way in which population is built into the formula for distribution of the formula grant using out of date information.

5. Economic Environment and Credit Crunch

The general economic environment, and the credit crunch in particular, is already having a significant impact on a number of areas within the NBC budgets. These mainly relate to property and development related budgets, utilities and income. These areas are now a major influence on the medium term financial strategy and include:

- Car Parking
- Concessionary Fares (greater use of busses linked to reduced car park income)
- Investment Income (impacted on by low interest rates in the investment market)
- Debt Financing Costs
- Utilities and Fuel
- Building Control income (also impacted by greater private sector competition).
- Land Charges
- Planning
- Timing and negotiation of s.106
- Levels of income achievable for sale of council assets.
- Effects on council taxbase and collection
- Effects on sundry debt collection

There are also more generalised pressures arising from the effects of higher levels of inflation on the type of goods and services that the authority must pay for.

In addition there may be a medium term impact if the credit crunch leads to people losing their homes, thereby leading to a risk of increasing pressure on the homelessness service and on housing waiting lists.

Impact of the Credit Crunch on Government Funding

It is anticipated that there will be general reductions in Government funding for infrastructure through GAF, EMDA, etc. This will impact in particular on growth and regeneration authorities, both of which apply to NBC.

In 2010 there will be a general election, which will have an impact on the decisions taken at national level about local authority funding. It is too early to tell as yet what the effects will be.

The next comprehensive spending review (CSR) is due to take place in 2010, although there is a chance it could be postponed for 12 months due to the general election. It is expected that at least the next two CSRs will be very challenging for local government.

Impact of Local Factors

A number of local factors have an impact of service delivery and associated costs, as well as levels of demand:

1. Growth Agenda

Northampton has a diverse population that is increasing and is likely to continue to increase. Mid year population estimates 2008 indicate that Northampton's population has reached 205,200 with a projection to reach 235,800 by 2019.Northampton's youngest population between 0-15 make up 19.3% of the population (increasing) with people of working age 16 to 64 male/59 female 64.3% (decreasing) and older people 65 male/60 female 16.4% (increasing). In 2008 the number of people aged 65 or over was 14%. In 2007 the percentage of the population over 60 who live in households that are income deprived was 18.7%. In 2006, 11.3% of Northampton's population are from minority ethnic groups compared to 8.5% in 2001.

Northampton lies within the Milton Keynes South Midlands growth area as determined by government's Sustainable Communities Plan. The Council is supporting this growth that seeks to deliver 31,500 new homes in Northampton by 2021 and with a further target of 8,875 by 2026. There will also be a projected increase of 37,200 jobs in the region, coupled with this growth is a projected population increase to approx. 270,000 by 2021.

Impacts on Council's services include:

- Increasing need for leisure facilities infrastructure along with the urban development.
- Higher demand for planning services including enforcement.
- Planning policy requires that 35% of dwellings on developments of over 15 units are affordable. This figure is supported by the West Northamptonshire Housing Market Assessment.
- The number of new properties will increase pressure on the local tax collection service.
- Additional workload for the Corporate and Democratic core around increased Electoral Registrations and Local Land Charges searches as property development and purchases increase in the area.
- Development of new areas brings new legal work around development work generally including Easements, Wayleaves and Planning enforcement.
- Population growth will increase pressure on the benefits service in terms of caseload, which has already significantly increased.
- The growth agenda brings major challenges and opportunities for regeneration and a strategic overview of the towns regeneration and associated growth in its economy, and securing funding remains critical.
- Waste collection - the challenging growth agenda allied to financial constraints means this mandatory service has to be delivered without further expansion of resources.
- Parks and open spaces – we are currently taking on more adopted areas to maintain, within existing resource levels including commuted sums due to the current growth agenda.

2. Migration

A substantial, and increasing, migrant population are now residing in Northampton and thus we endeavour to cater for their needs:-

- Employment prospects within Northampton are high but average wages remain low and work is often of a temporary unskilled nature. This availability of work is resulting in a large migrant population as well as high local demand for affordable housing.
- The demographic make up is constantly changing, with Northampton town experiencing an increase in the number of residents from an Eastern European background, for example Poland. This has increased the number of contacts for individuals accessing the Council who do not speak English as their first language.
- Increase in inward migration is impacting on the enforcement activity of client departments such as Environmental Health, and Streetscene, leading to increases in legal work.
- Increased pressure on the benefits service in terms of variety of social interaction and language issues.

3. Deprivation

24 Super Output Areas in Northampton fall within the 20% most deprived areas nationally. 1 falls within the 5% most deprived.

Deprivation in Northampton is particularly a function of income, education, health and crime. Northampton is ranked in the most income deprived and employment deprived quartile of local authorities.

According to the 2007 IMD, Northampton is ranked slightly below average in relation to other local authority areas in England. Northampton has an overall rank of 140 out of 354 local authorities, with the most deprived ranked 1. It is hence in the most deprived 40% of authorities.

Northampton can be broken down into 129 LSOAs. The IMD indicates that 24 of Northampton's LSOAs (19% of the total Northampton LSOAs) fall within the 20% most deprived in the country . These fall within twelve of the Borough's wards: Billing, Castle, Delapre, Easfield, Lumbertubs, St David, St James, St Crispin, Old Duston, Spencer and Thorplands.

4. Urban/Size

Northampton is the county town operating with 5 other districts that are small in comparison. These other districts operate within mainly rural settings and do not offer comparable services to homeless/those at risk of homelessness. Specifically specialist services (for ex-offenders, drug and alcohol-related homelessness, hostel accommodation etc) are centred within the town. Clients from the 5 districts tend to gravitate towards these services.

The density of the housing planning area and the nature of the built environment places greater demands on the service than more rural areas. Affordable/social rented housing is in short supply and there is high demand from all competing sectors of the housing market.

We have a large amount of high density housing areas which require an increased sweeping frequency; around 1,400 kilometres of footpaths and channels are cleansed and the change to alternate weekly refuse collections has impacted on cleansing workloads particularly regarding issues with side waste.

Other service specific local factors result in unavoidable increased comparative costs including the Museums Service, Corporate Democratic Core, Legal Services, Concessionary Fares, and Parks/Open Spaces

Budget Priorities - Prioritising our activity to meet local people's needs

The Council has embedded a rigorous budget prioritisation process based on comprehensive engagement with our communities and residents. Identifying the views of our residents and stakeholders is vital to ensure the Council responds to the needs of local people. We have good intelligence on the needs both of the borough as a whole and of different communities within it and this supported development of the Corporate Plan. This intelligence has also recently been consolidated to provide a corporate statistical picture as well as to identify areas of consultation and engagement where there is duplication.

Comprehensive consultation with our customers is in place with feedback obtained through an annual Place Survey, quarterly consultation with our Citizens Panel and other service specific consultations. The budget and corporate planning consultation process includes consultation with a large group of stakeholders, customers and partners, using a variety of methods to encourage participation and feedback. The Council carries out targeted focus groups to enable local people to influence choices and have direct input into improving services.

The Council is committed to continually improving the way we engage with our communities. This forms part our wider agenda of expanding methods of customer contact and encouraging communities to have a voice in how services are shaped and delivered. We are committed to personalising services to ensure they meet the needs of our customer by continuing to innovate and improve by giving individuals and communities a stronger voice in the design and transformation of services. Our community forums are an important source of feedback to improve access and design of services.

The Council is exploring the options for participatory budgeting as outlined in the Communities in Control, Real People, Real Power white paper (and the Community Empowerment, Housing and Economic Regeneration Bill). This sets out the CLG aim of having a form of participatory budgeting in every local authority by 2012 under the duty to involve (Local Government Act 2007).

On the basis of research undertaken we have distilled local people's views into five main priorities. The five priorities for our stakeholders, identified through recent consultations are:

- We will work to help our communities to be safer, greener and cleaner
- We will improve housing and health to enhance the wellbeing of our communities
- We will be a well-managed organisation that puts our customers at the heart of what we do
- We will promote economic development and growth in Northampton
- We will strengthen our commitment to partnership working and engaging with our communities to deliver better outcomes

The results of the focus group research have established that local people's needs and wants for the town have remained largely the same as last year.

Management Aims

The Council has adopted the following management aims, to enable the above priorities are delivered. The management aims are to:

- Provide excellent customer service
- Engage in meaningful dialogue
- Make best use of our resources
- Be a single effective team
- Work to make Northampton a better place

Service Planning

Our Service Planning process is driving performance improvements across the Council. The plans clearly set out what is to be achieved within the Corporate Plan, how this will be done and how it will be measured. Our Corporate Plan was developed to reflect the priorities contained within the Northampton Communities Strategy. Service Plans are a key component of our performance management framework. Individual performance plans and personal development plans are linked to Service Plans to help employees see how their own efforts contribute to delivering the Corporate Plan. Service Planning Guidance sets out how Service Plans should be developed and their content is reviewed annually and improved where necessary. Service Plans incorporate consideration of Value for Money (VFM) and VFM profiles are used to help identify where performance needs to be improved and efficiency savings could be made. The financial implications of the service plans are reflected in the annual revenue budget and capital programme. These budgets will separate out where specific elements link in with the Corporate Plan priorities.

Monitoring performance and Service Delivery

Performance management systems are clear, accessible, well co-ordinated and linked to service planning, with effective performance monitoring arrangements at all levels. Performance appraisals link personal and service performance to the skills and knowledge needed to help ensure that staffs are clear what they need to achieve and how their work contributes to the corporate priorities.

The Council's Performance Management Framework (PMF) ensures that comprehensive systems and processes provide timely performance information, which informs both our strategic and operational decision making processes and business objectives. 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. Managers and councillors have been trained to support them in applying performance management principles and techniques through internal courses and central support.

The PMF sets out the flow of management information across the Council. Monthly performance reports detail progress against targets for services. Indicators collected monthly, quarterly or annually are reported on their own timelines. Updates against improvement plans, service plan actions, financial performance, risks and service specific issues are highlighted and communicated to senior managers on an exception basis. 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 (DMT) meetings with Directors, Heads of Service and Portfolio Holders.

Performance is monitored closely at both Cabinet and senior management level, including financial monitoring. The Leader works with the Portfolio Holder for Performance and Cabinet and the relevant Overview and Scrutiny Committee regularly reviewing performance.

Performance information is communicated widely and reports are also placed on the Council's website to enable public access. All Councillors are provided with the monthly performance reports, which are also presented to each meeting of Cabinet by the Portfolio Holder for Performance, advised by officers. These reports focus on performance against priority indicators. The reports set out an analysis of quartile performance so performance can be compared to the levels of the best performing Councils.

Performance and budget information is reported at the same time to provide monitoring information to Members, Management Board, and Service Areas.

We will continue to monitor the quality of our services by seeking the views and experiences of residents, service users and council staff in the following ways:

- Residents surveys which seek opinions on Council services
- Consultation and focus groups on particular issues
- User forums
- Analysis of complaints and comments received
- Staff surveys

The Leader, Cabinet, Chief Executive and Management Board and service management teams will examine our service and financial performance regularly.

Data Quality

We are committed to maintaining and improving the quality of the financial and non-financial data underpinning our medium term financial planning. We have integrated our financial and non-financial planning, so that we are using the same data for service and financial planning.

Standardising our budgeting processes and challenging the budgets at various stages will allow us to scrutinise particular areas of the council's activities and verify the accuracy of the underpinning data. For the 2010/11 budget process Heads of Service will have their respective service area budgets challenged by the Director of Finance and Support, the Management Board, Portfolio Holders and Members. The scrutiny of budget proposals with members has also evolved with further involvement from the Overview and Scrutiny Committees.

Equality

Equality and diversity themes are embedded into policy development and service planning, as well as the annual MTP capital and revenue options appraisals. We actively promote equality of opportunity and are committed to eliminating unlawful discrimination for all our residents, customers and employees. The Council values diversity and service plans include equality actions to ensure services meet the needs of all of the borough's people and communities. Therefore, mainstreaming equalities into all of our service activity is further enhancing service quality, improving access and delivering better value for money.

We have achieved level three of the Equality Standard for Local Government as at Autumn 2009. Outcomes from Equality Impact Assessments have been used to develop action plans incorporated in the service planning process. Community cohesion has been a developing theme and we are working with partners and stakeholders to promote positive relations between diverse communities. The Corporate Steering Group on Equalities, chaired by the Chief Executive, provides strategic direction.

The equality and diversity strategy is in place and there is substantial information on equalities online. We established a Single Equality Scheme to combine all equality standards. Newcomers to NBC (including councillors) receive equality training as part of their induction. All appraisal and performance plans include an equality and diversity section to test competencies.

Both the Medium Term Planning option appraisals and the Capital appraisals have sections on equalities for completion. These are reviewed and challenged by Finance when received and also passed to the Equalities Officer for an independent review. Where this information highlights equalities issues, positive or negative, this information is made available to members as part of the budget setting reports.

RESOURCES

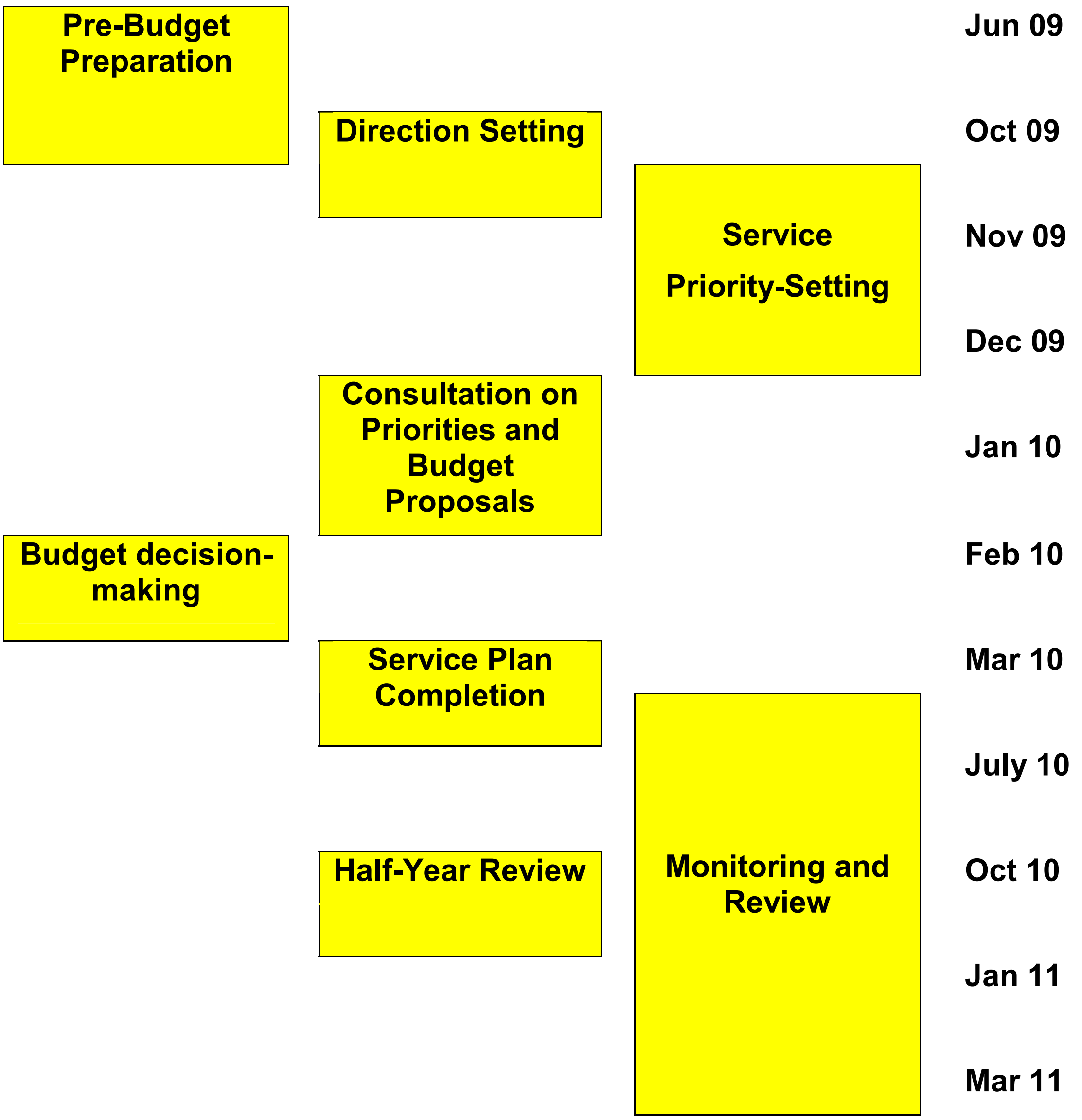
Council Tax and the taxbase

The Council has a strong commitment to keep levels of Council tax as low as financially prudent. Due to difficult financial circumstances, the Council tax increase will be modelled at different rates starting at 0% along with RPI as at September 2009, minimum pension increases guaranteed by government (2.5%). This will be for working purposes only. In order to deliver services within the overall financial envelope the Council will exercise strong control over performance, efficiency and value for money. The longer-term plan is currently not to increase council tax above 5%, however needs are assessed on an annual basis.

The taxbase set by Cabinet on the 22nd December 2008 for the 2009/10 budget and council tax was 66,166 Band D equivalents (65,443 in 2008/09). The taxbase is set using planning assumptions up to March 2009 and a non-collection percentage of 2.5%. A three-year council tax figure has not been set. The taxbase is reviewed on an annual basis.

A 1% increase in council tax for NBC would result in approximately £135k revenue.

Budget Setting (General Fund and HRA Revenue and Capital)



The Management Board, comprising of the Chief Executive and Directors, approved the timetable and process for the Medium Term Plan and budgets.

The key milestones were as follows:

- June – Budget and medium term planning process launch. Officers work up continuation budget including inflation and unavoidable growth.
- September – Phase 1 revenue continuation budget challenged by Head of Finance and Assets and/or Director of Finance and Support. Officers work up Medium Term Planning (MTP) options appraisals where required. Phase 1 capital programme takes place with short form bids being prioritised.
- October/November – MTP options reviewed and challenged by Management Board. Ongoing monitoring of Government announcements is undertaken.
- December – Provisional Formula Grant and supported borrowing announcements. Cabinet consider and agree proposals for consultation budgets.
- December/January – main public consultation on capital and GF revenue budgets and proposed level of council tax.
- End January/February – Final Formula Grant settlement announcement is announced by Government.
- February – Cabinet recommends budgets to Council. Council agrees budgets and council tax.

Fees and charges are also reviewed annually as part of the budget cycle.

Resource Allocation to Services - Methodology

The Medium Term Planning (MTP) cycle effectively links resources to Council objectives and priority areas. Our MTP budget option forms incorporate best practice and set out contribution to delivery of Council objectives and equality impacts.

Medium Term Planning Option and Capital Appraisal forms include a section for managers to explain how their proposal delivers value for money. These are used as part of the challenge process with members and Management Board during the autumn challenge phase of the budget process. At this point the challenge may also identify additional VFM options to be investigated and, where applicable, brought forward. Capital and revenue bids must also demonstrate contribution to the corporate plan priorities. The budget process, incorporating the Medium Term Financial Strategy (MTFS), ensures that the principles of improving VFM are an integral part and impact on equality is also now assessed for all savings options.

Resource allocation to individual service areas will be calculated by:

- Allowing for the impact of unavoidable demographic, inflationary and legislative impacts on the Council's cost base.
- Making sufficient service review savings to set a balanced budget.
- Providing funds for 'investment' in priorities identified in the Corporate Plan and LAA released by cross-cutting review savings.

Cost pressures

Whilst financial management has greatly improved significant financial risks still remain. These pressures are a mix of clear cost pressures, which are quantified in year as part of the normal budget monitoring process and other factors, which are more challenging to quantify. This is because some external factors are outside the authority's control or influence and therefore best estimates must be made.

A balance needs to be struck between areas where budget pressures need to be recognised within the medium term plan where they are quantifiable, and areas of risk where it is deemed that the level of balances held, derived through a robust risk assessment process will cover any potential realisation of the financial impact of that risk. The areas can be broken into three categories:

1. Quantifiable areas as a result of the economic down turn:

- **Car Park Income –** The general economic downturn and credit crunch have further impacted on car park usage in 2009/10. There is likely to be a direct link between reduced car use and the greater than anticipated uptake of the concessionary fares scheme. The impact is already putting pressure on the 2009/10 budget and may have an impact on income in future years although there is potential opportunity to offset this reduction in income through the implementation of a charging policy that maximises the income from these resources for the benefit of the town's council tax payers whilst at the same time ensuring that they contribute to maximum effect to the retail and business vitality of the borough.
- **Reduction in income levels** – this covers a number of categories such as investment income, licensing, building control and planning fees.
- **Collection Fund -** The Council is required to maintain a separate fund called the Collection Fund into which the Council Tax and Non Domestic Business Rates are paid into. Each year an assumption is made as to the number of new properties, which will be added to the register. Deficits arise in the tax base if the number of properties listed are less than the planning assumption. As at the 31st March 2009, there was an overall deficit for all preceptors of £803k on the Collection Fund.

2. Quantifiable areas as a result of service pressures:

- **Pay and Grading / Single Status project –** the authority has agreed project funding of £300k in 2009/10 and 2010/11. The anticipated date of implementation is 1 April 2010. Very few authorities have implemented single status on a cost neutral basis; therefore future plans will need to take this into account.
- **Food Waste Collection -** NBC will need to introduce food waste collection by 2012. The cost is currently not known but is likely to be in the region of £250k per year. Consideration will be given to introducing food waste as part the project to market test environmental services, which may provide an opportunity to do so without any net increase in the overall cost of waste collection.
- **Market Square –** The development of the Market Square will continue to have revenue consequences. However, once the work is completed it is anticipated that the position will improve.
- **Equal Pay Claims** – the authority has settled the majority of the equal pay claims with the remainder due to be settled in 2009/10, but there is a risk that further claims may be lodged. A capitalisation directive has been granted by the government, which will allow the authority to fund these costs incurred in 2009/10 either through prudential borrowing or capital receipts. If it is funded through borrowing then the ongoing revenue impact will be built into the budget. The authority will seek capitalisation directives for any similar costs in the future.

3. **Unquantified areas of High Risk:**

- **2010/11 and future years pay settlement –** The media has indicated that Government intend to freeze public sector pay in 2010/11 for one year. The budget will be set on this basis.
- **2010/11 and future years formula grant settlement –** All the political parties have stated that there will need to be cuts in the public sector to help recover the country's financial position. It is therefore generally expected that the formula grant settlement for the next few years will see a floor of less than zero, probably with a greater proportion of the reduction weighted towards district authority services as they exclude stated Government priority areas such as social care and education.
- **Commercial Rent and capital receipts:** Continuing impact of the recession on rent receivable from Council's commercial properties and the values obtainable from selling property assets that are no longer required.
- **Balance of Charges between the General Fund and Housing Revenue Account and Capital –** there have been changes in accounting regulations under the Best Value Accounting Code of Practice, the CIPFA Statement of Recommended Practise and best practise which needs to be applied. Combined with a significantly reduced capital programme, it is probable that this will have an impact on the General Fund.
- **Planning Appeals –** if more appeals take place this is likely to lead to additional costs being incurred.
- **Concessionary Fares –** the Government recently consulted on changes to administration arrangements for concessionary fares and, separately on alternative funding models. Due to the uncertainty as to whether this re-organisation will go ahead and how the resources will be re-allocated the timing and financial implications of this cannot be estimated. If it does go ahead it is likely that it will happen in the timescales of this strategy.
- **Fuel and Utility Costs –** the costs of fuel and utility costs have fluctuated sharply over the past two years. It is therefore difficult to assess with certainty the pattern these costs will take in the next few years. Work is ongoing to reduce the Council's carbon footprint, and this should generate related savings in fuel and utility costs.

Other Areas.

Other areas which need to be considered as part of the financial element of the medium term plan include:

1. **Growth**

The population served by the authority is growing swiftly under the Government's Sustainable Communities Plan. This, linked with the regeneration needs of the borough, leads to strain on both the revenue and capital budgets as well as the need to frequently work with the County and WNDC to deliver the necessary infrastructure.

Project development puts a financial strain on the authority – feasibility studies are normally revenue expenditure because there is no certainty that they will generate a positive outcome or a fixed asset. At its meeting on 26 February 2009 the Council decided to earmark the unallocated LABGI funds received to date for Regeneration purposes, including feasibility studies.

2. Capital Projects

The authority receives no supported borrowing allocation in most years other than for Housing. This means that any capital projects have to be funded by other capital funding sources including capital receipts, capital grants, Major Repairs Reserve (HRA only), section 106 planning obligations and third party contributions, unsupported (sometimes called prudential) borrowing, or revenue contributions.

Where projects are to be funded by s.106 there is often a timing issue due to the way in which payments under the agreements arise at trigger points during the development.

In ideal circumstances, due to pressures on the revenue budget it is advisable to assume that prudential borrowing will only be undertaken where savings on a 'spend to save' scheme will cover the borrowing costs. However, in practice there may be priority schemes that members consider have to go ahead or items that have to be funded this way for affordability reasons (e.g. capitalisation directives).

3. LABGI

One issue that has arisen from CSR2007 relates to LABGI (Local Authority Business Growth Incentive). This new scheme was introduced as part of CSR2004 for three years, during which funding of over £1 billion in total was awarded to local authorities.

It had been widely anticipated that the scheme would continue to provide similar funding levels in periods beyond the end of CSR2004. However CSR2007 saw a significant reduction in the funding to be made available for LABGI awards. In addition there has been a change in methodology for calculating LABGI allocations. It is unknown as yet whether LABGI will continue beyond 2010/11.

NBC received £1,007k in LABGI during 2007/08, whereas the 2009/10 allocation notified in September 2009 was just £124k. Prudently, the Council does not include LABGI funding within the budget setting process as it is not known how much will be received in future years. However in 2009/10 the practice has been to ring fence this funding to Regeneration and Development to lever in additional investment from external funding streams to enable regeneration projects to be delivered.

4. Supplementary Business Rates

The Business Rates Supplement Act 2009 was passed in July 2009 giving local authorities powers to raise a supplementary business rate. It would enable upper tier authorities in England and Wales to raise an additional business rate (up to a maximum of 2p in the pound) for funding local expenditure on economic growth (such as infrastructure).

It is not therefore be available to NBC.

REVENUE

Projections for Formula Grant 2010/11 to 2012/13

In January 2008 the Government announced the draft Local Government Settlement for 2010/11. Working estimates based on illustration 2 (above) for the following 2 years are shown in the table below:

	2010/11 £m	2011/12* £m	2012/13* £m
Redistributed Business Rates	15.385	14.616	14.177
Revenue Support Grant	3.374	3.374	3.272
Total Formula Grant	**18.936**	**17.990**	**17.450**

**The actual figures and split for years 2 and 3 has not yet been released; it has therefore been split pro rata based on the 2010/11 provisional split.*

Total Resources

The total resources available to the Council are estimated as shown below in table below.

	2009-10 £m	2010-11 £m	2011-12 £	2012-13 £m
Formula Grant	18,842	18,936	17,990	17,450
Council Tax	13,537	13,605	13,673	13,741
Total	**32,379**	**32,541**	**31,663**	**31,191**

At this stage it must be stressed that the Formula Grant projections are from the provisional settlement for 2010/11 and estimates for future years, as the final settlement announcement for each year is due in January of the preceding year and could differ from the provisional announcement.

The following table shows the 2009/10 budget agreed by Council in February 2009, and the projected budget for the next two years as at that time.

Since this was put together the effects of the credit crunch have become clearer, along with indications of the impact that managing the effects Government's response will have on future local authority funding. Revised forecasts for 2010/11 onwards, taking this into account, where possible, will be presented to Council in February 2010.

2009/10, 2010/11, and 2011/12 Proposed General Fund Revenue Budget as at 1st April 2009

	2009/10 Budget £'000	2010/11 Budget £'000	2011/12 Projected Budget £'000
Service Expenditure - Continuation Budgets *			
Director of Finance and Support	18,398	19,720	20,857
Director of Planning and Regeneration	3,208	3,598	3,725
Director of Environment and Culture	15,913	17,281	18,659
Director of Housing (GF Element)	1,889	1,966	2,078
Assistant Chief Executive	5,419	5,374	5,528
Borough Solicitor	1,295	1,399	1,647
Sub Total	**46,122**	**49,338**	**52,494**
Level 1 Medium Term Planning Options	(2,222)	(2,372)	(2,001)
Level 2 Medium Term Planning Options	(4,915)	(5,075)	(5,537)
Sub Total	**38,985**	**41,891**	**44,956**
Further Efficiencies to be Found	0	(3,104)	(5,232)
Debt Financing	1,083	1,420	1,137
Recharges to Other Funds	(5,853)	(5,853)	(5,853)
Parish Grants	21	22	22
Parish Precepts	904	931	959
Contribution to/(Use of) Reserves	100	150	0
Transfer to/(from) Earmarked Reserves	(844)	(462)	(243)
Total GF Revenue Budget Requirement	**34,396**	**34,995**	**35,746**
Funded By			
RSG/NNDR	(18,843)	(18,936)	(19,301)
Government Funding for Concessionary Fares	(693)	(713)	(716)
Net Area Based Grant	(504)	(279)	(279)
Collection Fund (Surplus) / Deficit	86	0	0
Council Tax: Parish Precept	(904)	(931)	(959)
Council Tax: Previous Years	(12,887)	(13,538)	(14,136)
Council Tax: Taxbase	(143)	(67)	(71)
Council Tax: 3.9% increase***	(508)	(531)	(554)
Total Revenue Support Grant, National Non Domestic Rates and Local Taxation	**(34,396)**	**(34,995)**	**(35,746)**
Contribution (To) / From Balances	**0**	**0**	**0**

The budget included the following:

1. **Efficiency savings** totalling just over £1.1m for 2009/10 including:
    - £114k on property related savings.
    - £199k saving due to better procurement and changes to contract arrangements.
    - £120k saving from more efficient staffing.
    - £73k saving on more efficient use of supplies and services.
2. **Additional Income** of £1.2m additional income, including:
    - Review of court costs £189k
    - Housing administrative fee income £216k
    - Income based business growth £308k
    - Changes in waste fees £148k
    - Sale of land charges data £72k

3. **Priority Growth** of £376k including:
    - Support to River Nene Regional Park
    - Funding to support Northamptonshire Enterprise Ltd
    - Investment in improving performance
    - European Election costs

Overall the Chief Finance Officer considered these items to be deliverable for 2009/10 onwards within the assumptions made.

Working Balances and Earmarked Reserves

As at the end of 2008/09, the General Fund working balance was £2.006m and the HRA working balance was £6.124m. The latest available figures will be taken into account during the budget setting process.

For 2009/10, the General Fund balance is expected to be approximately £2.1m. Due to the level of financial risk in local Government currently, the council aims to increase its balances over the next 3-5 years to at least £2.5m.

Earmarked reserves as at the end of 2008/09 and the estimated 2009/10 balances are detailed in the table below.

Reserve	Balance 31/03/2009	Estimated Balance 31/03/2010
	£000s	£000s
Insurance	1,976	1,976
Benefits Clawback	0	0
Subsidy Equalisation	500	500
Core Business Systems	169	0
Building Maintenance	500	0
Corporate Initiatives	351	219
Service Improvements	1,000	900
Debt Financing	460	200
General	3,212	3,017
Arts	23	23
HRA	8,175	8,175
	16,366	15,010

Of these reserves at the 2008/09-year end, £8.175m are HRA and £8.191m are General Fund. The figures for the 2009/10 year-end are estimated as at 30 September 2009. The levels of the earmarked reserves are reviewed on an annual basis.

The Revenue Budget Strategy to meet Pressures

The 3-year financial statement highlights that there continues to be a gap between the Authority's spending pressures and the projected available resources.

In order to meet this gap the following strategy will be adopted:

- an effective Medium Term Financial Strategy in place to drive forward the financial planning process and resource allocation. The financial strategy is determined in the context of policies and priorities contained within the Corporate Strategy and other key internal Strategies, feeding through to and up from Service plans.
- the Council recognises the pressures on its budget, and while seeking to protect and enhance front-line services as far as possible, will aim to contain these pressures within existing resources. Cabinet Members will examine all budget pressures and seek reductions where possible.
- We will seek new funding and new ways of working with support provided by the regional efficiency partnership. Cabinet Members will continue to look at new methods of service delivery over the three-year budget period to improve services to the public and the value for money that they provide.
- The Council recognises the need to improve efficiency and deliver value for money. Cabinet Members will seek to identify efficiencies that will not impact on service delivery, and to identify options that will improve the value for money services through improving performance, and/or reducing service costs.
- The Council has determined, that given the financial pressures faced by the Authority, budgetary growth can only be supported in priority areas, or where the Council is required to fund new items e.g. by new legislation.
- The Council will undertake a series of strategic business reviews enable the Council to move forward more rapidly within services to deliver ever better outcomes for the public and efficiency and effectiveness in organisation.

Council Tax Level

While addressing its priorities and setting a balanced and prudent budget, in view of the Capping regime, the Council will seek to keep any increase in the Council Tax to the lowest possible level. Therefore the planning assumption for the medium term is an annual 0% increase in Council Tax.

Customer Payment Changes

The customer access project, which involved moving our cash paying customers to using cash payment outlets such as Alliance and Leicester's Payzone facility and the Post Office in order to make cash payments, was implemented on 1 April 2009.

There has also been a significant drive towards getting our customers to pay by Direct Debit, as this is significantly cheaper.

With the availability of new technology payments can be made on-line and on the twenty-four hour payments line, meaning most customers do not have to leave the comfort of their own home to pay their council bills.

Of course there will always be a small percentage of customers who still want to pay by cash and the Payzone outlets will allow customers to pay up to £999.99 at a Payzone location. There are Payzone outlets located throughout the town. There is also a payment kiosk located at the Guildhall enabling customers to pay cash into the payment kiosk.

The final stages of this project are due to be completed in late 2009-10/early 2010-11.

Housing Revenue Account

Introduction

The two main revenue budgets of the Council cover the General Fund (which determines and is funded by the Council Tax) and the Housing Revenue Account (which contains the income and expenditure related to the provision of Council Housing including Housing Rents). The level of subsidy set by the Government determines the level of resources that the Council can use to provide services to tenants of its Council houses. The subsidy comes in two forms: the revenue subsidy comprises “Management and Maintenance allowances” (M&M) which are derived from complex formulae related to the make up of the stock; and a capital subsidy in the form of a “Major Repairs Allowance” (MRA) which again is formula based. As rent income exceeds the amount of M&M and MRA allowances, the balance is currently paid to Government in the form of a “Negative Subsidy”, estimated for the current year 2009/10 at £10.7 million (£10,683,000). In recent years the Council has kept substantially within the M&M allowances for revenue expenditure and has been able to make contributions to repairs reserves, but that is unlikely to continue.

At its meeting on 26th February 2009, the Council approved the HRA budget for 2009/10 with projections for 2010/11 and 2011/12, including the charges in respect of council house and garage rents, heating and service charges.

In setting the HRA budget, due regard was given to the resources available within the context of achieving and maintaining the Decent Homes Standard, and to comply with the Government policy on rents.

The budget was constructed on the basis that it would contribute towards meeting the following key Corporate and Strategic objectives: -

- We will help our communities become safer, greener and cleaner
- We will improve housing and health to enhance the well-being of our communities
- We will be a well managed organisation that puts our customers at the heart of what we do
- We will promote economic development and growth in Northampton
- We will strengthen our commitment to partnership working and engaging with our communities to deliver better outcomes

Key Issues in the 2010/11 Budget

The Housing Business Plan states that over the next two years the new Housing Directorate will work for customers:

- To ramp up the Decent Homes programme to raise the energy efficiency of all council homes with an accompanying programme to address environmental concerns to achieve decent neighbourhoods.
- To reduce homelessness and to provide advice and support to homeless people and those in housing need
- To provide an excellent service to council housing tenants and leaseholders and to achieve top-quartile performance in resident satisfaction, rent collection, repairs and re-letting vacant housing (voids).
- To develop housing related care to enable more people to remain in their own homes in safety and security
- To deliver an effective tenant support and estate management service and combat Anti-Social Behaviour to enable council housing tenants and leaseholders to enjoy their neighbourhoods as well as their homes

- To involve service users in realistic assessments of the quality of services provided and in planning service improvements, fostering community pride and engagement
- To provide a repairs and maintenance service with a “right first time, every time” objective which demonstrates value for money
- To develop a variety of means to consult with service users including “hard to reach” groups and ensure that opportunities for involvement are maximise

Medium to Long Term Financial Projection

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 Government’s 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.

An overview of the findings of the HRA financial model was reported to Cabinet on 15th July 2009.. The model will be used to forecast the impact of major initiatives on the long-term viability of the HRA. The indications provided by this model will be considered alongside the Housing Asset Management Strategy (consultation draft, which was also approved for consultation at the 15th July 2009 Cabinet meeting.

On a baseline position forecast, which assumes no additional revenue contributions to capital from 2009/10 onwards, shows that the Housing Revenue Account remains with positive balances until 2025/26 but with an annual in year deficit from 2016/17. Additional revenue contributions to capital or unsupported borrowing to finance capital expenditure would worsen the position and will lead to deficits in earlier years

The main pressure on the Council Housing service is in the capital area where there is an estimated shortfall in the capital resources required over the next five years of £73 million ((£72,955,000) to reach and then to maintain the decent homes standard. Without additional action being taken, the provision of additional capital resources through revenue financing or borrowing will have an impact on the revenue position. In order to maintain the HRA position, the revenue impacts of the additional capital financing must be matched by efficiencies or savings from within the HRA. For these reasons similar savings as applied to General Fund budgets of 7.3% of HRA revenue costs have been identified for 2010/11 and a review of the Housing Directorate staffing structure has been initiated in order to identify further savings These savings would be made with a view to re-directing resources to tenant services.

Review of Council Housing Finance

In July 2009 the Communities and Local Government (CLG) Department issued a consultation paper on possible reforms to the HRA subsidy system, with a favoured option being the scrapping of the subsidy system. This would apply to all local authorities with retained council housing and would involve a re-allocation of the national HRA debt. Whilst attempts have been made to model various levels of national HRA debt being allocated to Northampton, in practice there are too many variations in possible assumptions and timing for the full implications to be known at November 2009. It is likely that any changes would require primary legislation and would not take effect before 2012/13. In the meantime, therefore, the existing financial projection model will be updated on a regular basis as subsidy determinations are issued by CLG.

Future Options

At the housing strategy "visioning days" in 2008 facilitated the IDeA, three principal housing areas needing significant attention were identified:

- Dallington Grange / King's Heath / Northwest Northampton
- Central Area
- Northampton East

Feasibility work will commence early in 2010 on the central area, principally the Spring Boroughs estate, to tie in with progress on the Central Area Action Plan. With regard to Dallington Grange, the downturn in the housing market has put this scheme into abeyance and consideration may need to be given to other options for Kings Heath, which is an estate adjacent to the major planned housing development at Dallington Grange. The Council has bid for an HRA PFI scheme, which is proposed to concentrate on two estates in Northampton East. The area of Northampton East has a critical mass of around 4,000 Council owned properties, most of which require Decent Homes works and many of which have a need to address issues of dysfunctional lay-outs and improvements needed to the local environment. These neighbourhoods also present significant potential for site development and the improvement of the public realm. A PFI project would also contribute to the social and economic regeneration of the wider area. Whereas the PFI scheme itself could not encompass all 4,000 properties, the PFI investigatory work is being undertaken in such a way that the findings will assist in developing proposals for the regeneration of the other estates owned by the Council in that area. A report on a scaled down PFI programme valued at £100 million will be presented to cabinet on 16th December 2009.

Alternative options, around the delivery of the decent homes programme to the whole of the stock, will be reflected in the new 30-year financial model as and when appropriate.

It is expected that a revised housing strategy, reflecting the statutory strategic housing role of the authority, and a housing asset management strategy reflecting the landlord function, will be out to formal consultation in December 2009 and be ready for adoption by spring 2010.

CAPITAL, TREASURY & ASSETS

Capital Overview

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.

Capital Programme - Project appraisals were completed for all 2009-10 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 was asked to recommend to Council that Cabinet be authorised, once the programme was set, to approve new capital schemes, and variations to existing schemes, arising during 2009-10, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.

Financing - 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, capital receipts, third party contributions, and revenue contributions. These are all actively pursued to support capital investment. In ideal circumstances, due to pressures on the revenue budget it is advisable to assume that prudential borrowing will only be undertaken where savings on a 'spend to save' scheme will cover the borrowing costs. However, in practice there may be priority schemes that members consider have to go ahead or items that have to be funded this way for affordability reasons (e.g. capitalisation directives).

Project Management - All projects on the capital programme and all new bids for capital investment, are managed by a named budget/project manager, who 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, with the operational responsibilities being managed by the project manager.

The Capital and Treasury team provide financial support, advice to budget/project managers, capital strategy and reporting to members, including 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.

Capital Strategy

The three-year Capital Strategy was presented to Cabinet on 19 February 2009 as part of the budget setting process and will be updated on an annual rolling basis. The strategy for 2010-11 to 2012-13 will be prepared during the summer and autumn of 2009, for agreement by the Council's elected members in February 2010.

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 Asset Management Plan is closely linked with both the revenue and capital budgets, so it is important that this is recognised in the capital strategy. The Plan is due to be updated shortly, and the capital strategy will be updated to incorporate any changes that are made as part of that review.

The development of an approved capital programme shows the Council's commitment to maintaining and improving its capital assets 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.

The capital strategy also outlines the management and monitoring arrangements that the Council has in place for effective delivery of the 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, and contributes to improved value for money

Particular emphasis will be given to schemes that:

- Improve performance against national and local targets
- Promote diversity and address equalities issues
- Improve efficiency and effectiveness in service delivery
- Promote partnership working
- Involve local consultation

The capital strategy will be delivered through:

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

Treasury Strategy

The Treasury Strategy for 2009-10 to 2011-12 (agreed at Council on 26 February 2009), incorporates:

a) The Capital Financing and Borrowing Strategy for 2009-10 to 2011-12 including:

   (i) 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.

   (ii) The Affordable Borrowing Limit for 2009-10 to 2011-12 as required by the Local Government Act 2003.

b) The Investments Strategy for 2009-10 to 2011-12 as required by the DCLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

The CIPFA Prudential Code for Capital Finance in Local Authorities, published in October 2003, introduced enhanced requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy. The Prudential Code requires the Council to set a number of prudential indicators for capital finance and a report setting out the prudential indicators for 2009-10 to 2011-12 was approved by Council on 26 February 2009. Regard is given to these prudential indicators when determining the Council's Treasury Management Strategy.

The main features of the Capital Financing and Borrowing Strategy are:

- The capital programme prioritises sources of finance other than borrowing, such as capital receipts, grants, third party contributions and revenue contributions.
- The Council makes limited use of operating leases to fund some types of expenditure that would otherwise be treated as capital. This policy is currently under review, and where operating leases offer better value for money these will now be considered as a financing source in place of capital outlay.
- Wherever possible, 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.
- Previously the Council was required by statute to repay a minimum of 4% of debt principal each year. This debt repayment is known as the Minimum Revenue Provision (MRP).

  The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008, which came into force on 31st March 2008, now require 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 to which the borrowing has been applied.

  As a transitional measure, authorities were able 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 new regulations, to prepare an annual statement of their policy on making MRP for submission to Council.

  The Council's policy is to use the transitional arrangements to continue to provide for MRP under existing regulations pending the development of a more detailed policy following the publication of the regulations (which are currently still only available in draft form). The detailed policy was approved by Council for consideration in February 2009.

- 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.

  Given the changes in the property market and impact on capital receipts, the Council is likely to take new prudential borrowing in 2009-10 and 2010-11.

- The Council's Borrowing Strategy for 2010-11 will be to use fixed rate borrowing where long-term rates are favourable. Where variable rate borrowing is used, short-term loans will be arranged in order that they can be replaced by long-term fixed rate loans at a later date when rates are more favourable in order to balance certainty with risk.

The main features of the Investment Strategy are:

- Under the Local Government Act 2003 the Council is required to have regard to the DCLG (formerly ODPM) Guidance on Local Government Investments issued in March 2004 and CIPFA's Treasury Management in the Public Services Code of Practice (2001) and updated Guidance Notes (2006). The Council has adopted these.

- All investments, with the exception of those to other local authorities, 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 colour rating by Sector Treasury Services, whose list is updated monthly. This list is based upon credit ratings issued by the three main rating agencies.

- The majority of the Council's investments in the medium term will fall into the category of specified investments.

- Prior to the start of each financial year officers will review which categories of non-specified investments they consider could be prudently used in the coming year.

  The officer recommendation for new investments from 2009-10 onwards is that long-term investments (those for periods exceeding 364 days) should be avoided where possible in the current climate. This policy will be reviewed on a regular basis.

  The maximum amount that the Council will hold at any time during the year as long-term investments is £6m. This is well within 10% of the forecast average level of total investments in 2009-10, which is around £65m. This could be undertaken without having an adverse effect on cash flow (see paragraph 3.2.9(a) below).

  Advice will be taken from Sector Treasury Services before entering into any long-term investments.

- Most short-term investments are held for cash flow 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 majority 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 attached to small variations in interest rates is low.

Carbon Trading Strategy

From April 2011, participants in Governments Carbon Reduction Scheme must buy one allowance for each tonne of carbon dioxide emitted, which must then be surrendered at the end of each accounting period (July each year).

A publicly available league table will rank participants according to their carbon reduction performance, and revenue from the sale of allowances will be recycled to participants with a bonus or penalty based on their position in the league table.

The latest timetable is laid out below:

Compliance Year	Financial Year	Purchase in Year (April)	Surrender in Year (July)	Recycling paid (Oct)	Performance in year	Bonus/Penalty percentage applied
1	2010/11	Reporting Only			N/A	N/A
2	2011/12	2011/12	2011/12	2011/12	2010/11	10%
3	2012/13	2012/13	2012/13	2012/13	2011/12	20%
4	2013/14	2013/14	2013/14	2013/14	2012/13	30%

This carbon trading strategy will be further developed between now and when the first allowances are due to be purchased in April 2011, and will continue to evolve as the carbon trading market matures. When any carbon trading decision is taken then as a minimum the following information will need to be considered:

- Carbon allowance forecasts
- UK trading scheme market prices & forecasts
- EU market price & forecasts
- Euro exchange rate & forecasts

The initial blind auction will be constructed using the above information and will also make use of a technique called a ‘marginal abatement curve’. This will enable the Council to asses which carbon saving projects it might undertake depending on the financial incentive offered by the price awarded in the auction.

Standard approaches to carbon trading can be categorised in the following way:

Passive	Buy allowances at the end of the year from the secondary market when needed
Opportunistic	Aim to buy allowances when cheap
Cautious	Overbuy allowances at the start of the year
Commercial trader	Buy and sell to make profit
Balanced	Buy sufficient allowances at start of the year but monitor on a regular basis for opportunities

Source: KPMG, 2009

The responsible officer will adopt a mixture of these strategies depending on market conditions at the time, and the Councils own circumstances. The only exception being that the Council will not act as a ‘Commercial Trader’.

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of the risks inherent in carbon trading, and will report as a matter of urgency, the circumstances of any difficulty in achieving the Council's objectives in this respect. Below is a list of potential risks related to carbon trading, and how they could impact upon the Council.

The Council will ensure that all of its carbon trading activities complies 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.

The Council recognises that future legislation or regulatory changes may impact on its carbon trading activities and will adapt these practices as necessary.

The Council will seek to ensure that its stated carbon trading policies and objectives will not be compromised by adverse market fluctuations, and will accordingly seek to protect itself from the effects of such fluctuations.

The 'safety valve' feature within carbon trading may be linked to products that are traded in Euros. This may lead to the Council relying on forecasts of foreign currency exchange rates. The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

The Council will ensure that it has identified the circumstances that may expose it to 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.

The Council is committed to the pursuit of best value in its carbon trading activities, and to the use of performance methodology in support of that aim.

Accordingly, carbon trading will be the subject of ongoing analysis of the value it adds in the support of the organisation'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. Carbon trading performance will be measured using benchmarks that will be set once the market has had time to develop.

The Council will maintain full records of its carbon trading decisions, both for the purpose of learning from the past, and for demonstration that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

Upon commencement of the carbon trading scheme the minimum reports that the Executive will receive are:

- an annual report setting out the strategy and plan to be pursued in the coming year
- an annual report on the outlining the effects of the decisions taken during the year

These reports may form part of a wider report, such as the medium term financial strategy or a wider carbon management plan. More frequent reports will also be made to a body such as the Carbon Management Board, or other senior management body.

The Council will approve and, if necessary, from time to time amend (in accordance with financial regulations), an annual budget for carbon trading, which will bring together all of the costs involved in trading carbon allowances, together with associated income. The final form that this budget will take will be set once there is more certainty over the carbon trading scheme.

There is currently ongoing discussion as to how organisations should account for assets and liabilities associated with carbon trading. Current proposals are not expected to create any complexities for the Council. Any further guidance will be considered nearer the time that trading takes place.

The council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of carbon trading as are necessary for the proper fulfillment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved policies.

The Council recognises the importance of ensuring that all staff involved in carbon trading 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.

Asset Management

The current adopted Corporate Asset Management Plan relates to all physical land and buildings owned by the Borough, save for housing forming part of the Housing Revenue Account. The Plan identifies the expenditure (in 2006/7 terms) in both capital (£8.5m) and revenue (£5.7m) terms required to address the maintenance backlog of the Council. It also noted the planned and responsive maintenance revenue budget of approximately £1m per annum. There is an acknowledgement that this level of resources is insufficient to address backlog issues and to deal with the full range of ongoing maintenance activities that would be desirable from a good estate management perspective.

The Plan is shortly to be replaced with an updated Asset Management Strategy, which is at an advanced stage of drafting. There will be an acknowledgement that maintenance expenditure levels are unlikely to materially increase in real terms over the period of the MTFS. The emphasis will therefore be on the identification through an enhanced property review process and strategic business review of the rationale for the ownership and control of property presently forming part of the Council's operational and non-operational (investment) estate.

The Council has a budget for external rental income (including charges from the open market operation) of £2.623m in 2009/10. Further modest increases during the MTFS period are possible, although growth is predicted to be low given the present poor wider economic conditions. The rationalisation of the investment property portfolio, in the context of financial performance and building maintenance and other liabilities, may lead to a reduction in this overall income. The possible receipts from disposal of such property would be taken into account in the Council's Capital Strategy.

Balance Sheet Management

Balance sheet management is a comprehensive approach to managing assets and liabilities to ensure that resources are used effectively (both financially and operationally) and that appropriate governance arrangements are in place around the use of public sector assets and liabilities. Failure to do this could expose the authority to a range of operational, reputational and accounting risks.

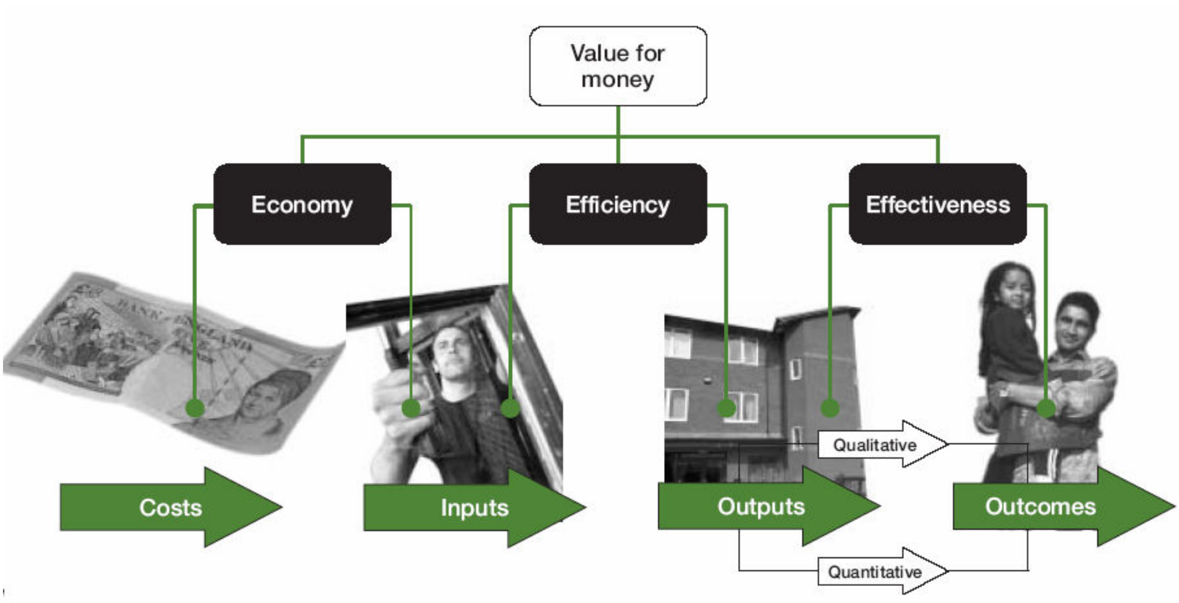
We already have embedded processes to review our fixed assets, strategies for treasury management and borrowing, and processes for managing and making provisions for outstanding debtors. The authority will undertake a self-assessment of our balance sheet management to ensure that it is effective and will implement any appropriate changes.

VFM STRATEGIC FRAMEWORK

Introduction

The Audit Commission defines Value for Money as the relationship between economy, efficiency and effectiveness. Value for money is high when there is an optimum balance between all three – relatively low costs or inputs (economy), high performance or outputs (efficiency) and successful outcomes or impact (effectiveness). Impact is generally seen as being measured on a community wide basis.

The diagram below links the relationships between economy, efficiency and effectiveness.



Key drivers for our VFM Strategic Framework:

- Comprehensive Spending review 2007 (CSR2007)
- Continued inflationary pressures and the general economic environment
- Ongoing best value requirements for all services and activities
- Increasing customer expectations of service quality
- Impact of the Gershon report and the more recent Varney report regarding efficiency and service improvement
- CLG efficiency targets of 4% per annum from 2010/11
- Significant changes to our demographic profile
- Local factors affecting levels of service costs
- Government pressure to keep Council Tax increases at an appropriate level and below the risks of capping
- Increased Government focus on LAA to deliver improvement
- CAA regulatory framework
- Increasing legislative frameworks within which the Council operates.

Corporate Strategy and Value for Money

Ensuring that our services are delivering value for money is a key priority for Northampton. Our Corporate Strategy makes it clear that we put the customer and community at the heart of what we do. There will be clear links between our VFM activity and key Council plans and actions, for example:

- Our budget strategy will be linked to the Council's priorities and supporting value for money services.
- Ongoing efficiency savings will be identified as part of our three-year planning and performance framework and subject to annual review and update. These efficiency savings will be used to fund new burdens, cost pressures and service improvements.
- Innovative methods of procurement will be explored and the value for money opportunities they present.
- Better procurement & partnerships will be sought through the implementation of electronic procurement and through an ongoing series of fundamental efficiency reviews of categories of spend.
- Our Asset Management Plan will be fully integrated with a Capital Strategy and will set out clearly how we will deliver effective asset management.
- Ensuring whole life costing principles and options appraisals are a key part of making investment decisions in our capital programme.

What We Will Do To Achieve VFM

With the introduction of Strategic Business Reviews (SBRs) the VFM framework is being reviewed and amended to take into account this significant VFM work.

To achieve VFM we have set the following objectives:

- integrate the VFM principles within existing corporate and service planning and review processes
- implement recognised good practice where appropriate
- establish a review programme that targets services and/or cross cutting areas identified as requiring improvement (e.g. high cost/low performance services).
- provide a robust framework to benchmark the Council's activities
- promote a culture of continuous improvement
- communicate to stakeholders that the achievement of VFM is sought in all activities undertaken
- ensure that all staff recognise their continuing obligation to seek VFM for the Council as part of their routine activities

2008/09 VFM Profiles

VFM profiles are reported annually to management board and members via a traffic light system and a cost/performance grid and this requirement has been extended to central services for 2008/09 – benchmarking is already in hand for financial services via CIPFA. Our VFM profiling system is also used to form a key part of the evidence for identification of VFM review work.

We have completed detailed VFM profiles for our frontline services and mapped these on a cost/performance grid shown below. There is clear overall trend compared to 2007/08 with more services positioned in the higher performance/lower cost areas.

cost	Low (performance)	Medium (performance)	High (performance)
High	• Community Safety	• Street Cleansing	• Housing Benefits • Economic Development
Medium		• Customer Services • Other community housing • Procurement • Council Housing • ICT	• Licensing
Low		• Parking & Town Centre • Planning services • Corporate & Democratic Core • Finance	• Environmental Health services • Homelessness • Local Tax/ Rates collection • Culture & Heritage • Concessionary Fares • Parks & open Spaces • Waste Collection • Sports & Recreation

performance

How We Can Demonstrate VFM

Achieving VFM is also described in terms of the “three Es” – economy, efficiency and effectiveness:

- Economy – minimising the cost of resources for an activity (doing things at a low price).
- Efficiency – performing tasks with reasonable effort (doing things the right way).
- Effectiveness – the extent to which objectives are met (doing the right things)

Using this model all Service Areas, through the service planning process, will demonstrate the test of Value for Money. These include:

- Evidence of cost management (e.g. streamlining processes, partnership and procurement).
- Setting VFM targets for improvement, including building efficiency targets into the budget.
- Comparing Service’s inputs, outputs and impact to others (*allowing for local context, performance and legitimate policy choices*).
- Evidencing that VFM is improving and efficiency gains are being made.

Efficiency drivers

Key features under the current efficiency regime: -

- Councils will now be expected to make incremental efficiency savings each year. For 2009/10 the target is 4% new efficiency savings (Budget 2009), and it is anticipated that these levels will continue to be required.
- The 4% is all cashable efficiencies so although non-cashable efficiencies count towards VFM, they do not count towards the efficiency target;
- This target is collective rather than individual (i.e. Councils do not have their own individual targets) unless a specific target is negotiated as part of the LAA;
- However underperformance by individual Councils will be scrutinised by local Government Offices (this may be due to longer term efficiencies having a lead-in time but this would need to be evidenced);
- The reporting mechanism will be October for a forward look and July for a backward look;
- Only one figure will be reported to Government rather than breaking it down over services;
- Each return will look at the period from April 2008, therefore the cumulative position will be reported each time;
- Reporting requirements will be reduced but it is anticipated that the figures will be audited as part of CAA.

Additional points: -

- Efficiencies must be reported net of investment and any ongoing costs;
- Only the element of the efficiency which is ongoing can be counted;
- Only efficiencies taking effect after 31st March 2008 may be used (except where cashable efficiencies achieved by the Council have exceeded the 7.5% under the previous regime where the excess may also be used).

A key message is that lack of performance on delivering sustainable efficiencies at an individual authority level will lead to Government action ranging from advice provision to intervention.

Northampton context

For 2010/11 a total of £1.801m deliverable efficiency savings need to be identified to meet the Government cashable savings target of 4% of budget requirement.

We have already integrated efficiency review into annual service and financial planning cycles via our Medium Term Planning (MTP) process. We comfortably exceeded the cumulative efficiency target of 7.5 per cent over the three-year period 2005/06 – 2007/08 with total savings of circa £9.28million of which £6.3million were cashable, well in excess of the 50% cashable target. In 2007/08 alone we reported £3.16million sustainable savings of which £1.73million were cashable and reported a further £2.265m cashable savings in 2008/09.

Options to meet efficiency targets are identified annually through the MTP process as well as through individual notifications of productivity/non-cashable savings from Services. Strategic procurement also plays a vital role and their direct contribution to securing savings is reported annually for our VFM position statement.

In 2008/09 a fund of £190k to finance projects which would save money and reduce carbon emissions. The Council provided £95k and a further £95k was contributed from Salix. So far £62k of works has been completed which is expected to save £26k a year, and a further £63k of works is committed which could provide savings of £24k a year. Some of the savings are paid back to fund future projects and allow for further savings, and the rest reduces the Council’s budget requirement.

The Council also has in place a Carbon Management Strategy which will see greater reductions in CO_2 emissions and future revenue savings.

Our VFM strategic framework was updated for the implications of CSR 2007 and the Chancellor's 2009 Budget Report. We have also implemented changes to generate forward efficiencies, which will be reported in the new VFM indicator established by CSR 2007.

East Midlands Regional Improvement and Efficiency Partnership (EMRIEP)

The strategy, which underpins this partnership, sets out the vision for driving efficiency and improvement across public services in the East Midlands region and to set out how the EMRIEP will support local authorities to achieve this ambition. This Strategy is the result of an inter-authority collaboration both at officer and member level as well as close working with the East Midlands Improvement Partnership (EMIP), the East Midlands Centre of Excellence (EMCE), the

Improvement and Development Agency (IDeA) and the Government Office for the East Midlands (GOEM).

The 4 strategic objectives, which underpin the EMRIEP vision are:

- Driving self improvement of authorities and partnerships
- Achieving efficiency savings through smarter procurement, business process improvement, shared services and better utilisation of assets
- Building capacity through enhancing leadership skills and sharing knowledge and expertise
- Supporting innovation and transformation of structure, processes and culture

Sub Regional Improvement and Efficiency Partnership

Creating Sub-Regional Improvement Partnerships at county level will be a priority for the EMRIEP. It is envisaged that the sub regional partnerships should have an expanded role to embrace

oversight of the capacity and performance of the LSPs, the delivery of the LAAs and the integrated improvement and efficiency work programmes agreed with the EMRIEP.

Allocation of Resources

Confirmation is awaited of the sum to be allocated to East Midlands by CLG for the financial year 2009/10 and the proportion to be provided to public sector bodies for the following areas under the theme of Better Outcomes for People and Places:

- Driving Authorities' Service Improvement and Partnerships
- Capacity Building
- Innovation and Transformation
- Efficiency Programmes
- Support for Struggling Authorities
- Contingency

Clearly there is substantial external funding now available for collaborative projects with other public sector bodies and the Council will ensure, through close working with the sub regional partnership, that the potential to drive improvement and efficiency locally is maximised through this avenue.

Risk Management and Business Continuity

The Council's Risk Management Policy states that "Risk management is a positive tool that is incorporated into the management process to help achieve corporate and directorate objectives. The Council is committed to adopting a corporate, systematic and structured approach to the control of risk".

We see risk management as pivotal in supporting the achievement of our priorities and objectives. We are working towards embedding risk management in all day-to-day management processes across all business functions and activities.

Management Board has approved the changes to our risk management approach, and leads and supports the introduction of new monitoring functions and responsibilities.

The key developments in Risk and Business Continuity Management across the authority in the last year include:

- Cabinet approval of the revised Risk Management Strategy in January 2009. The Risk Management Strategy now incorporates Business Continuity Management as a function of managing risk.
- Improvements in the visibility and accessibility of risk and business continuity guidance and supporting documents by including a dedicated section on the Council's intranet site.
- Audit Committee taking an active role in risk assurance, routinely requesting updates on the risk management function.
- Undertaking risk reviews as part of the annual Service Planning Process, ensuring the risks identified are linked to service objectives and corporate priorities.
- The approval and introduction of a defined risk appetite.
- The introduction of new risk management software to facilitate closer linkages between performance management and risk.
- Undertaking a Strategic Risk Workshop, attended by Management Board, to refresh the Strategic Risk Register.
- Quarterly reviews of the Strategic Risk Register undertaken by Management Board.
- Undertaking a Councillor Training Session on Risk Management.
- An approved list of Business Continuity Critical Functions.
- All Service Areas with Critical Functions have well-developed Business Continuity Plans in place.

Procurement

Impact of Comprehensive Spending Review 2007 (CSR 2007) and Chancellor's Budget 2009

The Government, is forecast to allocate circa £150m nationally towards "improvement" and "efficiency" in Local Government over the 3 years commencing April 2008. Of this, some £15m is expected to be allocated in the East Midlands. In exchange the Government was expecting an annual 3% cashable efficiency or a 9.3% cashable gain by the end of the financial year 2010/11. In his 2009 annual budget report the Chancellor increased the efficiency target for 2010/11 to 4%, with corresponding increase in the cashable gain over the 3 year CSR period. The Government is expecting Procurement to make the most substantial contribution to the efficiencies required. Of the (now) £5.5bn worth of efficiencies expected nationally by the end of 2010/11, at least £2.8bn (51%) is anticipated to be from smarter procurement practices.

In addition, the budget sets a target for the next CSR period of a further £9bn efficiency savings per annum across the public sector by the end of 2013/14.

To this end, recommendations have already been made to NBC's Management Board to adopt a local 4% target. The Council has begun a series of Strategic Business Reviews whereby ultimately every service in the council will have been reviewed in detail for efficiency and appropriateness of service delivery with a view to driving out savings. For the 2009/10 financial year ICT, Leisure, Assets, and Neighbourhood Environmental Services are being reviewed.

A discussion paper for the purposes of identifying and developing a strategy for improving Local Government Procurement activities throughout the East Midlands was issued in October 2007 by the East Midlands Centre of Excellence. This paper identifies a number of key themes to be developed across the region.

Cabinet approved the Procurement Strategy 2008-11 on 3rd March 2008, following consultation with Management Board and Overview and Scrutiny.

Northamptonshire Area Procurement Service (NAPS)

All six councils involved in this collaboration (NBC, Daventry, Corby, Wellingborough, Kettering and South Northamptonshire) were consulted in December 2007 and January 2008 to establish levels of commitment to the shared service and to determine areas of commonality. Once commitment had been confirmed by all parties, work commenced on the formal shared services agreement, which is now in its final stages of negotiation. The shared service was launched on 1 November 2008. NBC has taken the lead with the role of host authority for the shared service.

Sustainable Procurement

The Council takes clear action to improve the quality of life of its residents and visitors, and to create and sustain a better environment. Wider social and environmental impacts are assessed as a matter of course for material procurement decisions, in particular, carbon footprint.

The Council was selected in 2007 to take part in The Local Authority Carbon Management Programme with the Carbon Trust. The Carbon Management Strategy and Implementation Plan was approved by the Cabinet on the 3rd of March 2008 and commits the council to a target of reducing CO2 by 35% by 2012. Ten energy/carbon reduction projects have been identified that will realise the Council carbon and cost savings and will be implemented during the course of 2008/9. Savings will be re-invested to fund future energy saving projects at the Council. We are also developing a programme of projects, which will help the Council achieve the 2012 target and will go a long way to achieving 'carbon neutrality' by 2020. There is clear support for carbon management from the Councillors, which has endorsed an aim to achieve carbon neutral status by 2020. Our sustainable development officer has a clear remit to support development and implementation of the Carbon Management plan.

Consultation & Partnership Working

The Council believes that its priorities, direction and decisions should be shaped above all by the needs of local people. It has recently adopted a Community Engagement Strategy, which sets out how it will work with its citizens to ensure that the Council is seen to be listening, involving and communicating with them effectively. The Strategy has an action plan, which lists the practical steps we will take to make this a reality. The allocation of limited resources is a key question for this engagement – including how budgets are aligned with the services and outcomes people want and need. The Council's budget will therefore be opened to wide consultation before decisions are made.

The Council is working with key stakeholders and partners to deliver VFM and improved outcomes for those who live and work in Northampton. This includes:

- Continuing to monitor the progress of the LAA
- Working and exploring with partners where joint initiatives could deliver improved outcomes and/or efficiency gains.
- Undertaking consultation of partners and users on key investment decisions and feeding back the outcomes of the consultation and our decisions in a timely and appropriate manner.

Our partnership vision for Northampton:
We believe Northampton should be a successful and confident town in which everyone who chooses to live here, work here or visit the town feels they belong, have a future, have financial stability and, where appropriate, business opportunities. It should also be a place that has a vibrant and diverse culture and welcomes a variety of lifestyles.

To achieve this the Northampton Local Strategic Partnership has developed a Sustainable Community Strategy for Northampton, which includes key themes from a similar county-wide strategy and focuses on key strategic objectives local to Northampton. Its vision is that by 2011 Northampton will be:

- Recognised for good quality, environmentally friendly housing
- Well served by modern and efficient public services
- Safer
- Cleaner
- Healthier

Partnership Involvement

The Council works with its partners and other key stakeholders to jointly deliver services within the Borough. The Council's Local Area Agreement also seeks to enable the Council, together with its partners, to deliver services differently and more effectively through the combination of partnership working, pooling of resources and negotiated flexibilities from Central Government.

We have analysed our major partnerships using "Sharing Success" (the Chesterfield BC and NE Derbyshire DC Partnership Development and Evaluation Toolkit). Particular focus was given to the LAA and LSP in view of their importance. As a result, we are establishing improved partnership arrangements around monitoring, performance and policy/guidelines for entering into from partnerships. In addition, we aim to establish a central depository of information relating to all partnerships. There has been external acknowledgement of our partnership working e.g. Charter Mark Accreditation for Leisure services with best practice rated Partnership Working as best practice. The council utilises extensive partnership working to deliver VFM via shared service and other collaborative arrangements.

Shared Services

We already operate a number of Shared Service arrangements. These represent innovative delivery options to improve service delivery to achieve lower costs through developing standardised process and systems with key partners. Current examples are

- Our business rates shared service with Wellingborough has resulted in top quartile performance at low cost, is considered an exemplar, and other Councils now wish to join
- The Procurement shared service (NAPs) – see Procurement section above for detail
- West Northamptonshire Joint Planning Unit is a joint planning service covering the districts of Northampton, South Northamptonshire and Daventry districts.
- 'Reaching Out' is a joint programme aimed at tackling hard to reach businesses across Northamptonshire.

There is also a NIEP cross county integrated back office services review that will include a number of support and front line services.

We aim to further drive the Shared Service agenda via the sub-regional response to the East Midlands Improvement and Efficiency Strategy, which may also lead to pump priming funding being secured.