ANNEX L

Northampton Borough Council

Capital Strategy

2010-11 to 2012-13

CONTENTS

SCHEDULE OF ANNEXES

INTRODUCTION AND BACKGROUND

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

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

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

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

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

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

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

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

LOCAL CONTEXT

Introduction

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

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

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

Transport Networks

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

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

Area and Population

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

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

Council Services

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

ASSET MANAGEMENT PLANNING

The Corporate Asset Management Plan

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

The Corporate Asset Management Plan reviews the external environment, including the property market, environmental issues, and legislative issues, and its implications for asset management together with service delivery and related accommodation needs.

It incorporates the corporate asset policy including objectives and headline performance measures.

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, and the capital strategy will be updated to incorporate any changes that are made as part of that review.

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

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

Fixed Assets Overview

Analysis of Fixed Assets – Movements in Year

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

Operational Assets

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

Non Operational Assets

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

Analysis of Fixed Assets by Category

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

CAPITAL STRATEGY

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

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

Particular emphasis will be given to schemes that:

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

The capital strategy will be delivered through:

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

THE COUNCIL'S PRIORITIES AND THE COMMUNITY VISION

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

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

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

Council Priorities 2010-13

Our five corporate priorities are:

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

Our partnership vision for Northampton

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

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

A county vision and shared priorities

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

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

The Strategy aims are to:

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

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

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

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

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

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

By 2011 Northampton will:

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

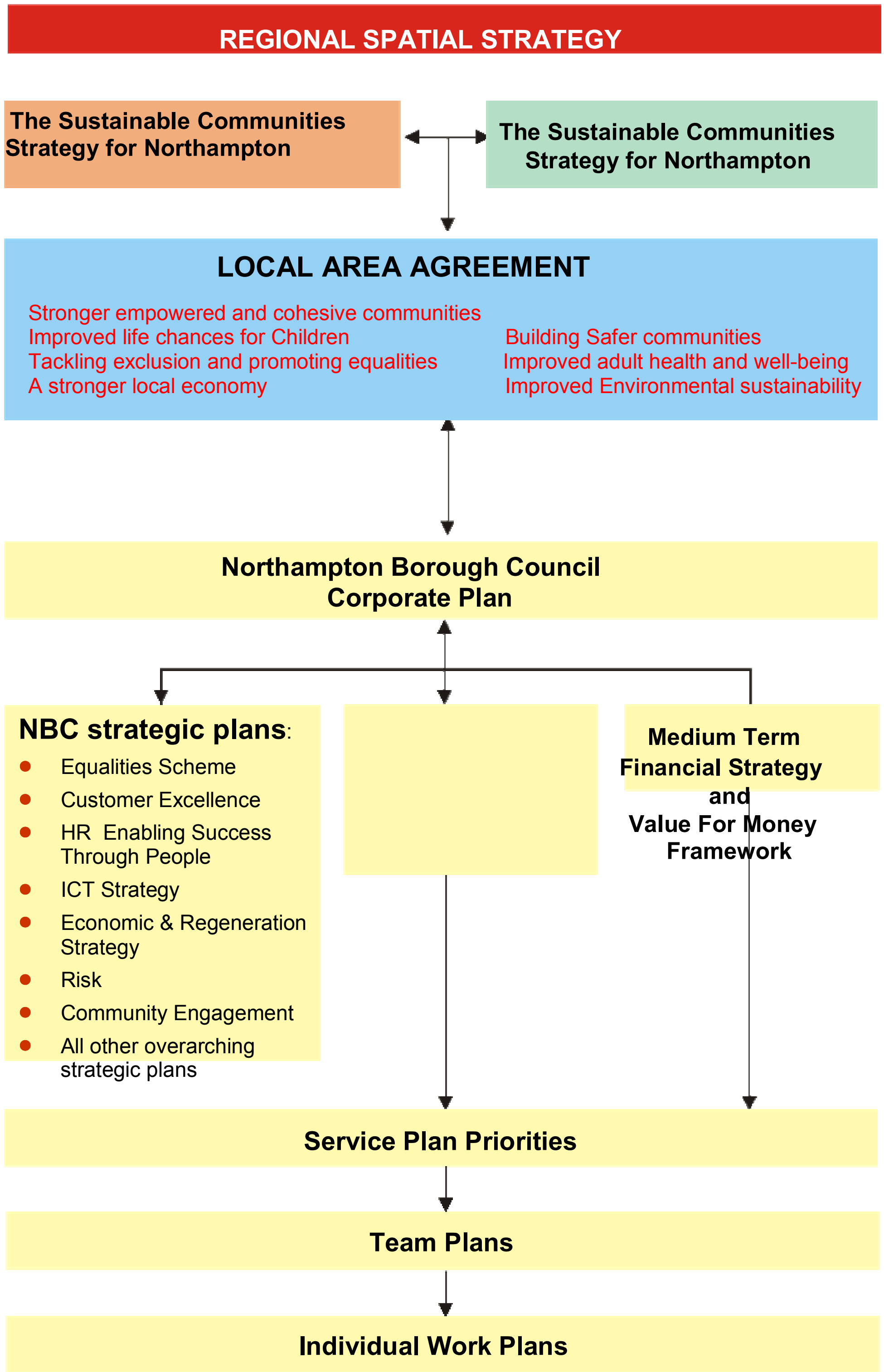
By 2021 it will be a city and a place made up from caring communities.

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

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

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

How we deliver our key strategies



PARTNERSHIP WORKING

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

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

Other Partnerships

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

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

Area Partnerships

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

Tenant Board

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

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

Housing Strategy Steering Panel

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

COUNCIL PLANS AND STRATEGIES

The Corporate Plan

The revised Corporate Plan for 2010-13 will be taken to Cabinet on 24th February 2009 for recommendation to Council, which meets in February 2009. The Plan is important because it sets out the priorities and objectives for the next 3 years

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

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

The Capital Strategy

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

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

Service Plans and Strategies

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

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

AFFORDABILITY, SUSTAINABILITY, PRUDENCE AND VALUE FOR MONEY

The Prudential Code

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

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

Affordability

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

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

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

Prudence and Sustainability

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

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

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

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

Northampton Borough Council and The Prudential Code

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

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

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

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

Value for Money

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

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

Minimum Revenue Provision (MRP)

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

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

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

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

CONSULTATION

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

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

Consultation and Capital Investment

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

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

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

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

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

LOCAL AND NATIONAL TARGETS

Local Targets

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

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

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

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

- Project appraisals outline the planned outputs & outcomes, which are assessed upon project completion, as part of the post implementation review.

National Targets

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

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

Efficiency Targets

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

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

EQUALITIES

The Council's Approach to Equality

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

In 2008 the Council adopted a Single Equality Scheme that sets out how Northampton Borough Council will ensure that everyone has equal access to council services, job opportunities and to having their voices heard. This ensures that equalities issues are set firmly at the heart of the Council's service planning arrangements, and further, as targets are written into service plans specific to individual each service, ensure that equalities targets and actions are integrated across the Council. A review is currently being undertaken and publication of the outcomes is expected winter 2009.

During 2008 the Council achieved level 2 of the Equality Standard for Local Government and in 2009 the Council self-assessed as having met the criteria for Level 3. A diversity peer challenge will take place in September 2009 to validate our claim.

Promoting Equalities through the Capital Programme

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

Each completed project appraisal includes responses to the following questions:

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

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

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

POLITICAL AND CORPORATE MANAGEMENT STRUCTURES

Political Management Structures

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

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

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

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

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

Corporate Management Structures

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

Project Management

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

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

PERFORMANCE MANAGEMENT

Corporate Capital Groups

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

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

Comprehensive Area Assessment (CAA) and Performance Management

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

From 2008/09 the CAA has replaced the previous inspection regime of Comprehensive Performance Assessment (CPA). The CAA is an important measure of how all parts of the public sector come together to improve the outcomes for people in the area.

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

Improvement has already been seen on the Council's CPA Use of Resources assessment, which was released in January 2008, and further improvement is expected in the 2008 CPA inspection, the results of which are due to be released shortly.

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

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

Performance Management

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

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

[1][1] Performance Management Framework (part 1 & 2)

The PMF sets out the flow of management information across the Council. Monthly Operational Managers reports[2], completed by Level 4 managers, detail progress against targets for services. Performance indicators collected monthly, quarterly or annually are reported on their own timelines[3]. We use traffic light coding to clearly identify whether progress to meet targets is on track. Performance is discussed within service areas at monthly performance clinics[4].

Performance and finance is monitored closely by Cabinet and senior management[5]. The Leader works with the Portfolio Holder for Performance and Cabinet and the relevant Overview and Scrutiny Committee to regularly review performance.

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

[2] Operational Manager Report CD (Aug 08)
[3] Monthly and Quarterly performance reports (June 08)
[4] Performance Clinic documents
[5] Cabinet and Overview and Scrutiny Performance Reports

BUILDING AND MONITORING THE CAPITAL PROGRAMME

Capital Programme 2010-11 to 2012-13

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

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

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

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

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

Building the Capital Programme

Timetables

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

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

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

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

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

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

Short Bid Forms

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

Project Appraisals

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

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

There are two versions of the full project appraisal format:

- Single projects
- Block appraisals

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

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

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

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

Prioritising projects

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

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

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

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

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

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

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

Project management & monitoring

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

This includes ensuring that:

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

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

Directorate Management Teams

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

Finance – Capital and Treasury Team

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

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

Capital Programme Monitoring

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

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

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

On 29 January 2007 Cabinet approved the following:

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

Changes to the Agreed Programme

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

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

Proposed additions to the programme

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

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

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

Amendments to Existing Schemes

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

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

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

Project variation forms are available on the intranet. See Annex F or follow the link attached Project Variation Form.

FINANCING CAPITAL EXPENDITURE

Overview

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

Capital Receipts

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

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

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

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

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

Unsupported Borrowing

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

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

Supported Borrowing

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

Government Grants

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

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

Third Party Contributions

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

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

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

Revenue Contributions

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

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

Funding Strategy

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

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

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

Funding streams are allocated in the following ways:

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

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

Revenue Implications of Capital Projects

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

Leasing

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

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

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

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

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

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

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

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

RISK MANAGEMENT

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

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

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

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

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

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

Financing Risks

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

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

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

PURCHASING PROTOCOLS

Procurement Strategy 2008-11

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

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

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

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

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

Procurement Team

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

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

- Annex A -

Committee Structure and Cabinet Member Portfolios

Portfolios of Cabinet Members

Cllr Brian Hoare **Leader of the Council**	**Partnerships & Improvement** Strategy & Political direction of the Council
Cllr Paul Varnsverry **Deputy Leader of the Council**	**Engagement** Leisure & Culture Community Engagement Safer Stronger Northampton Partnership
Cllr Sally Beardsworth	**Housing** Housing Directorate
Cllr Richard Church	**Planning & Regeneration** Regeneration Planning Market Square
Cllr Maria-Trinidad Crake	**Environment** Neighbourhood Services Public Protection
Cllr David Perkins	**Finance and Support Services** Finance ,Performance Legal Services
Cllr Brian Markham	**Communities** Customer Services/ICT & HR

Northampton Borough Council Committee Structure

Council	Cabinet
Audit Committee	Overview and Scrutiny Committees
Appointments and Appeals Committee	General Purposes Committee
Standards Committee	Planning Committee
Licensing Committee	Licensing Sub Committee

- Annex B -

Extracts from Financial Regulations
(as agreed by Council 19 November 2007)

3.9 Capital Strategy

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

3.10 Capital Budget

3.10.1 The S151 Officer will be responsible for ensuring that a capital budget for at least the coming three financial years is prepared and brought forward for approval by the Council, upon recommendation of the Cabinet.

3.10.2 The Capital Programme will be prepared in accordance with the Capital Strategy and Asset Management Plan of the Authority and be consistent with, and designed to further the achievement of, the Council's priorities. It should be updated as monitoring and the annual budget timetable dictate.

3.10.3 Project managers are required to prepare project appraisals including whole life capital and revenue costs for all capital projects to be included in the Council's Capital Programme. The project appraisal must be approved by the Section 151 Officer or other officer authorised by her/him before any expenditure is committed.

3.10.4 The first call on capital resources should be for schemes agreed as part of the prior year budget process and which have already commenced. Chief Officers should therefore take this into account when preparing bids for future years.

3.10.5 The S151 Officer, will propose to Cabinet a scoring scheme to prioritise capital projects and update it annually. This scheme will be used to prioritise projects within available resources and used to guide members in the setting of the capital programme.

3.10.6 The Section 151 Officer shall report to the Cabinet on the overall cost of the draft capital programme compared with the resources likely to be available to finance it in both capital and revenue terms.

3.11 Asset Management Plan

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

4.6 Capital Monitoring

4.6.1 Chief Officers through their capital project managers are responsible for managing the financial risks of their projects and must monitor income and expenditure against the in-year budget, as well as total expenditure over the life of each scheme.

4.6.2 Project managers shall provide monthly monitoring information, on a scheme-by-scheme basis, together with a forecast outturn including any re-phasing between years, to the Section 151 Officer.

4.6.3 Where forecasts identify an overspend or underspend from the approved budget these variations should be reported promptly to the Section 151 officer along with the proposed action.

4.6.4 In circumstances where it is not possible to take programme changes to Cabinet or Council due to a requirement for a quick decision, the Section 151 officer in consultation with the relevant Cabinet Member will have authority to approve the decision, which must be notified retrospectively to Cabinet.

4.6.5 The Section 151 Officer shall report the overall capital monitoring position, and the level of resources available to finance the programme, to Cabinet on at least a quarterly basis.

5.8 Assets

5.8.1 The Section 151 Officer, in conjunction with the Asset Manager, shall be responsible for maintaining an adequate and up to date register of all the Council's capital assets and for calculating and processing the appropriate capital financing charges in accordance with CIPFA Capital Accounting Guidelines.

5.8.2 Each Director and Service Head will be responsible for ensuring that the Section 151 Officer is advised promptly of all additions, deletions or other changes to the Council's portfolio of assets, such as might affect the preparation of the Council's accounts.

- Annex C -

Short Bid Form

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

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

- Annex D -

Project Appraisal Forms:

Single Project Appraisal

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

Block Appraisal

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

Alternatively please contact the Council’s Capital and Treasury Team on 01604 837181 or by e-mail at capitalappraisals@northampton.gov.uk

- Annex E -

Capital Scheme Scoring Sheet

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

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

- Annex F -

Project Variation Form

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

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

- Annex G -

Key to Abbreviations and Acronyms

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

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

- Annex H -

Glossary of Terms

Asset Management Plan (AMP)

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

Best Value

The duty which local authorities owe to their stakeholders to provide relevant, cost effective services.

Best Value Performance Plan

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

Capital Expenditure

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

Capital Programme

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

Capital Receipts

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

Capital Reserve

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

Capital Strategy

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

Community Strategy

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

- A framework for the way the different stakeholders can work in partnership
- A set of clear actions against which progress can be constantly monitored
- The basis for making good and effective decisions to achieve a growing and sustainable environment.

- Identified priorities for action
- A framework for other public service planning
- An action plan to identify the action required to bring the strategy into being

Comprehensive Performance Assessment (CPA)

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

Comprehensive Area Assessment (CAA)

The replacement inspection scheme replacing the CPA.

Comprehensive Spending Review

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

Corporate Plan

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

Cross Cutting

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

Debt Financing Budget

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

Disability Discrimination Act 1995

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

Fixed Assets

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

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

Local Strategic Partnership

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

Medium Term Plan

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

Performance Measures

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

Performance Indicators

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

Procurement

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

Prudential Borrowing

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

Prudential Code

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

Prudential Indicators

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

Ring Fenced Funding

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

Section 151 Officer

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

Service Plans

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

Supported Borrowing

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

The Code

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

Unsupported Borrowing

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

Useful Life

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

Whole Life Costs

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

- Annex I -

Feedback Form

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

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

Please email comments to:

capitalappraisals@northampton.gov.uk

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

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