NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Your attendance is requested at a meeting to be held in the Jeffery Room, The Jeffrey Room, St. Giles Square, Northampton, NN1 1DE. on Monday, 4 November 2013 at 6:00 pm.

D. Kennedy
Chief Executive

AGENDA

1. APOLOGIES

   Please contact Peter Storey on 01604 837356 or pstorey@northampton.gov.uk when submitting apologies for absence.

2. MINUTES

3. DEPUTATIONS / PUBLIC ADDRESSES

4. DECLARATIONS OF INTEREST

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

   (A) TREASURY MANAGEMENT MID-YEAR REPORT 2013/14 — Bev Dixon LGSS 363719

6. FINANCIAL MONITORING REPORT — N Bellamy, External Auditor (Audit Commission)

7. INTERNAL AUDIT PROGRESS REPORT — C Dickens, Internal Auditor (PWC)

   (Copy herewith) Page ....

8. EXCLUSION OF PUBLIC AND PRESS

   THE CHAIR TO MOVE:
   "THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE REMAINDER OF THE MEETING ON THE GROUNDS THAT THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS LISTED AGAINST SUCH ITEMS OF BUSINESS BY REFERENCE TO THE APPROPRIATE PARAGRAPH OF SCHEDULE 12A TO SUCH ACT."

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Monday, 23 September 2013

PRESENT: Councillor Hibbert (Deputy Chair); Councillors Golby and Nunn

1. APOLGIES

Apologies were received from Councillors Larratt and Conroy

2. MINUTES

The Minutes of the meeting held on 29th July 2013 were confirmed and signed by the Chair as a true record.

3. DEPUTATIONS / PUBLIC ADDRESSES

There were none.

4. DECLARATIONS OF INTEREST

There were none.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. EXTERNAL AUDIT PROGRESS UPDATE

Neil Bellamy KPMG submitted a report, which provided an update on the progress of the external audit of the Council's Statement of Accounts. It was noted that there had been no issues raised by member of the public during the period of inspection and the external audit of the Council did not identify any material adjustments. It was reported that the 'Value for Money' (VFM) conclusion of the External Auditor was that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. It was noted that there were a small number of presentational adjustments needed but that they were being addressed. Two issues that were raised in 2011/12 audit were no longer an issue and that the VFM criterion had been met.

The Chair commented that there had been extra pressures due to changes relating to LGSS and thanked both the staff for their work and KPMG for the presented report.

RESOLVED:

That the Audit Committee accepted the Annual Governance Report (ISA 260) (Appendix 1 of the report) of the External Auditor, KPMG, and noted the adjustments to the accounts detailed therein.

7. STATEMENT OF ACCOUNTS 2012-13

The Head of Finance submitted a report which presented the audited Statement of Accounts 2012/13. It was noted that the draft Statement of Accounts had been made available for audit and had been audited by the Council's external auditors (KMPG) and had subsequently produced the Annual Governance Report. It was noted that following the audit, it was standard practice for the auditors to request a letter of representation.

RESOLVED:

1. That Audit Committee approved the Statement of Accounts (Appendix 1 of the report), subject to any changes arising from the consideration of the report of the external auditor.

2. That Audit Committee approved the Council's Letter of Representation (Appendix 2 of the report).

7.1 ANNUAL GOVERNANCE STATEMENT 2012-13

The Head of Finance submitted a report to present the Annual Governance Statement 2012/13 for approval. It was noted that the statement must accompany the statement of accounts, but that it was not needed to be included in it

RESOLVED:

That the Annual Governance Statement 2012/13 for publication alongside the Statement of Accounts be approved.

8. PERFORMANCE REPORT TO END OF JULY 2013

The Borough Secretary submitted a report and explained that the figures related to the period of time up to the end of July as a result of a delay in reporting cycles. It was explained that measure BV008 (Percentage of invoices for commercial goods and services paid within 30 days) had been highlighted as a concern, but it was noted that a total of 14 invoices gad been paid late, which had impacted on the overall results. It was explained that this was being resolved as there had been inadequate cover in place to which had been rectified.

RESOLVED:

That Audit Committee noted the contents of the report.

9. FINANCIAL MONITORING TO THE END OF JULY 2013-14

The Head of Finance submitted a report and explained that the report was for Period 4 – which have the financial position to the end of July 2013 for the General Fund Revenue Monitoring, General Fund (GF) Capital Monitoring, HRA Revenue Monitoring and HRA Capital Monitoring. The report highlighted significant variances to date and it was noted that the GF forecast position was reporting an adverse variance of £63k, which was after a forecast contribution from reserves to offset a controllable budget variation of £246k and a Debt Financing variation of £223k.

It was noted that the HRA had reported an adverse variance of £466K, which was mainly due to the 'Supporting People' funding which was being withdrawn from the end of September. The HRA Capital Programme was reported as being on target.

RESOLVED:

1. That the contents of the following finance reports be considered:
    - General Fund Revenue Monitoring (Appendix 1);
    - General Fund Capital Monitoring (Appendix 2);

- HRA Revenue Monitoring (Appendix 3);
- HRA Capital Monitoring (Appendix 4).

2. That the position on car parking income and usage as at 31 July (Appendix 5 of the report) be noted
3. That latest position in relation to the Council's outstanding debts as at 31 August (Appendix 6 of the report) be noted.
4. That the Committee considers that it does not require any additional information in order to fulfil its governance role.
5. That the financial position to 31 July reflects the post transfer of support service functions to LGSS be noted

10. INTERNAL AUDIT PROGRESS UPDATE REPORT

The internal auditor updated the Committee and stated that he had been on-going discussions following LGSS with the Head of Finance and the Borough Secretary and commented that there was a need to ensure that fundamental controls were put in place to allow the work plan at LGSS was working well.
It was reported that three final reports had been issued which related to Asset Management, Treasury Management and Debt Recovery. He commented that in relation to Debt Recovery, the Council had improved massively. It was further noted that work due to start would be in the area of Housing and a Review of the concert held at Delapre Park and commented that he expected to bring formal written reports to the next meeting.

The meeting concluded at 6.43pm

Appendices
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Item No.
5A

NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	TREASURY MANAGEMENT MID YEAR REPORT 2013-14

AGENDA STATUS: **PUBLIC**

Audit Committee Meeting Date:	4 November 2013
Policy Document:	No
Directorate:	LGSS
Accountable Cabinet Member:	Alan Bottwood

1. Purpose

1.1 To put the draft Treasury Management Mid Year Report for 2013-14 before Audit Committee for review prior to it going to Cabinet in November and to Council in December.

2. Recommendations

2.1 That Audit Committee review the draft Treasury Management Mid Year Report for 2013-14 and put forward recommendations as they think appropriate.

3. Issues and Choices

3.1 Report Background

3.1.1 The CIPFA Treasury Management Code of Practice requires the Council to nominate the body (such as an audit or scrutiny committee) responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. The Audit Committee has been nominated for this role, which includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

3.2 Issues

Treasury Management Mid Year Report 2013-14

3.2.1 The Council's draft Treasury Management Mid Year Report for 2013-14 is attached at Appendix 1. This comprises a covering report and appendices (A to J). This report is timetabled to go to Cabinet on 4 November 2013 and Council on 9 December 2013.

3.2.2 Audit Committee are asked to review the report and to put forward recommendations to Cabinet and Council as they think appropriate.

3.3 Choices (Options)

3.3.1 Audit Committee have the option to comment on the areas considered in the report and to make recommendations to Officers and to Cabinet and Council.

4. Implications (including financial implications)

4.1 Policy

4.1.1 See attached Cabinet report.

4.2 Resources and Risk

4.2.1 See attached Cabinet report.

4.3 Legal

4.3.1 See attached Cabinet report.

Equality

4.4.1 See attached Cabinet report.

4.5 Consultees (Internal and External)

4.5.1 See attached Cabinet report.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 See attached Cabinet report.

4.7 Other Implications

4.7.1 No other implications have been identified

5. Background Papers

None

Report Author: **Bev Dixon, Finance Manager (Treasury) – LGSS**
Tel: 01604 363719

Appendices
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NORTHAMPTON
BOROUGH COUNCIL

Item No.

CABINET REPORT

Report Title	TREASURY MANAGEMENT MID YEAR REPORT 2013-14

AGENDA STATUS: **PUBLIC**

Cabinet Meeting Date:	13 November 2013
Key Decision:	NO
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	LGSS
Accountable Cabinet Member:	Alan Bottwood
Ward(s)	Not Applicable

1. Purpose

a) To inform the Cabinet of the Council's performance in relation to its treasury management activities, including its borrowing and investment strategy, for the period 1 April to 30 September 2013.

2. Recommendations

a) That Cabinet recommend to Council that they endorse the Council's treasury management activities and performance for the period 1 April to 30 September 2013.

3. Issues and Choices

3.1 Report Background

3.1.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes ("the Treasury Management Code of Practice").

3.1.2 The Treasury Management Code of Practice and the associated guidance notes for local authorities include recommendations on reporting requirements, including the requirement for an annual mid year report on treasury activities. The table below shows how the specific reporting requirements of the Treasury Management Code of Practice have been incorporated into this report.

Reporting Requirement	**Reference**
Activities undertaken	3.2.2 – 3.2.20 Appendices B,C,D,E,F
Variations (if any) from agreed policies and practices	3.2.21
Interim performance report	3.2.22 – 3.2.25 Appendix G
Regular monitoring	3.2.26 – 3.2.31 Appendix H,I,J
Monitoring of treasury management indicators for local authorities	3.2.28 Appendix H

3.1.3 The following topics are also covered in this report

Topic	**Reference**
Economic environment and interest rates	3.2.1 Appendix A
Monitoring of prudential indicators for local authorities	3.2.28 Appendix I
Monitoring of debt financing budget	3.2.29-3.2.31 Appendix J

3.2 Issues and Choices

Economic Environment and Interest Rates

3.2.1 An analysis of the economic position as at the end of September 2013, including the latest interest rate forecasts, is attached at **Appendix A.** This information has been provided by Capita Asset Services - Treasury Solutions (CAS Treasury Solutions), the Council's treasury management advisors.

Activities undertaken

Investments

3.2.2 **Appendix B** shows the Council's investment balances at 30 September 2013.

3.2.3 Cashflow balances available for investment come from working capital, amounts in provisions and reserves, and funds, such as capital grants, received in advance of expenditure. The Council's overall investment figure as at 30 September 2013 was £66.7m; average balances for the six-month period to 30 September were £67.4m. The lowest and highest balances during the period were £46.1m and £82.7m respectively.

3.2.4 Since the start of the current financial year, 11 new fixed term deposits have been entered into ranging in value between £1m and £5m, at rates between 0.47% and 1.10%, and for periods between 181 and 364 days. The average value of new fixed term investments was £2.2m, and the weighted average interest rate achieved for fixed term deposits was 0.79%. The average investment period was 265 days.

3.2.5 Fixed term deposits make up an average of 44% of the Council's investment portfolio, the remainder being balances held in instant access deposit accounts, call accounts and money market funds.

3.2.6 Deposit accounts, call accounts and money market funds have been used extensively during the first half of the year, in order to maintain liquidity and security of funds. The average balance held in deposit accounts, including notice accounts was £19m, around 29% of the Council's average investment portfolio. The average balance held in instant access money market funds was also £19m, around 28% of the Council's average investment portfolio.

3.2.7 **Appendix C** shows the maturity profile of the Council's investments at 30 September 2013 (remaining duration). £21m of investments are currently held as liquid investments (money market funds and deposit accounts) or are due to mature within the next month. Almost half of the maturing portfolio, £33m, falls in the 3 to 6 month period. All investments will come to maturity within the next twelve months as the few quality counterparties available to the Council for investments over 364 days, under the Council's counterparty limits, are not offering competitive rates.

3.2.8 CAS Treasury Solutions has advised that the Council's historic risk of default on its investment portfolio as at 30 September 2013 is 0.022%. This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment. The Council’s risk level is very low - falling into the risk band associated with investments under one year with counterparties with credit ratings of between AA and A - and is consistent with the Council’s investment risk management strategy.

3.2.9 Investment activity is carried out within the Council’s counterparty policies and criteria, and with a clear strategy of risk management in line with the Council’s treasury strategy for 2013-14. This ensures that the principle of considering security, liquidity and yield, in that order (SLY), is consistently applied. Any variations to agreed policies and practices are reported to Cabinet and Council (See paragraphs 3.2.21 below).

Borrowing

3.2.10 **Appendix D** shows outstanding long-term borrowing held on the balance sheet at 30 September 2013 at amortised cost. The total long-term debt outstanding, including non-current finance leases, is £218m. Of this amount, 88% is in the form of PWLB borrowing, 11% is money market LOBO loans, and the remaining 1% consists of the long-term element of an annuity loan with the Homes and Communities Agency (HCA) and non-current finance leases.

3.2.11 Following the introduction of the HRA self-financing reforms in March 2012, the Council operates a two pool approach whereby all long term borrowing is allocated to either the General Fund or the HRA. As shown at **Appendix D**, £193m (89%) of long term debt is attributable to the HRA, with the balance of £25m (11%) attributable to the General Fund.

3.2.12 No loans have been repaid since April 2013 other than the principal element (£21k) of the HCA annuity payment made in September, and annual amounts due on some finance leases.

3.2.13 No rescheduling of loans took place in the first half of the year.

3.2.14 The Council’s policy on borrowing for 2013-14 has been to use internal borrowing (ie from cash flow balances) to fund its own capital programme expenditure financed by borrowing, subject to external borrowing rates remaining at high levels relative to investment rates. The borrowing market is showing signs of moving upwards, particularly the longer term rates. For example the 25 and 50 year PWLB fixed maturity rates are currently around 50 to 60 basis points (0.5% to 0.6%) above their lowest level this year (8 April 2013). Treasury officers are keeping a close eye on the rates and whether it is appropriate to move away from internal borrowing and into long term borrowing where it would provide value for money over the life of assets to do so.

3.2.15 The Council has taken out £1.5m of borrowing from the Public Works Loans Board (PWLB) for the express purpose of making a loan to the Northampton Town Football Club (NTFC) for the development of its stadium facilities, under a loan agreement signed 19 September 2013. This is the first tranche of a £7.5m planned loan to NTFC, all of which is to be funded by PWLB borrowing. Drawdowns of the loan are linked to set conditions being met and the Council is likely to drawdown a further £3m this financial year.

3.2.16 Further borrowing from the PWLB to fund loans to local third party organisations is also likely to take place in the near future. These include loans to Northampton Saints Rugby Club for stadia expansion, and to the University of Northampton (UoN) for the creation of a waterside campus. The UoN project is supported by the South East Midlands Local Enterprise Partnership (SEMLEP), and an application has been put forward to PWLB to secure the LEP project rate allocation for this project. Having regard to the profile of this borrowing it expected that the Council's Affordable Borrowing Limit and prudential indicators for borrowing will need to be increased from 2014-15, and this will be incorporated into the Council's Treasury Strategy for next year. The limits for 2013-14 are considered adequate for the Council's borrowing needs.

3.2.17 **Appendix E** shows the Council's long-term debt maturity profile of external debt at cash value as at 30 September 2013. A number of GF and HRA loans are due for repayment during the next five years, commencing with two GF LOBO loans totalling £15.6m maturing in 2014-15. Options for the repayment and replacement (if appropriate) of these loans are under active consideration, with advice being taken from the Council's external treasury management advisors, CAS Treasury Solutions. The Council will keep its options open until nearer the maturity dates.

3.2.18 **Appendix F** shows outstanding balances and applicable rates for short-term borrowing. The total outstanding at 30 September 2013 was £274k.

3.2.19 The Council has long-standing agreements with two local organisations, Billing Parish Council and Northampton Volunteering Centre, for the short-term deposit of funds with the Council. Accounting regulations require that these be treated in the accounts as short-term borrowing. The interest rate applicable on these accounts is set quarterly using the Council's average investment rate for the previous quarter, less 0.5% to cover administrative costs. The range of balances in individual accounts during the period April to September 2013 was between £65k and £189k, at interest rates between 0.63% (in quarter 1) and 0.51% (in quarter 2).

3.2.20 For consistency with accounting requirements:

- The principal element of the HCA annuity repayment due within 12 months (£22k) is included as short term borrowing

- Current commitments on finance leases – i.e. amounts due within the current financial year – are not included in the short term borrowing balances shown.

Variations (if any) from or to agreed policies and practices

3.2.21 Compliance with agreed policies and practices has been monitored during the year to date. There have been no reported breaches in the first six months of this year.

Interim performance report

3.2.22 Investment performance to 30 September 2013 is attached at **Appendix G.**

3.2.23 The monthly rate of return on investments has dropped steadily as the year has progressed, from a high of 1.10% in April to 0.80% in September, averaging 0.94% over the period.

3.2.24 The variance between the Council's monthly rate of return on investments and the average 7-day Libid rate (at the time of investment) is used as a measure of treasury performance, where a positive variance reflects an enhanced level of performance. As average 7 day Libid has remained fairly constant over the period, the variance to the 7-day Libid rate has also dropped steadily as the year has progressed, from a high of 0.73% in April to 0.44% in September, averaging 0.57% over the period. The monthly target is 0.50%.

3.2.25 The drop in performance arises from external market changes impacting negatively on available interest rates. Primarily, increased money supply as a result of economic initiatives such as quantitative easing (QE) and the government's funding for lending scheme have reduced the need for banks to attract cash from investors. This has been particularly evident in the deterioration in enhanced interest rates that are sometimes offered to local authorities. As an illustration, a 364 day investment with one of the part nationalised banks on 1 October 2012 attracted a rate of 2.70%, with the comparable rate at 30 September this year being 0.98%.

Regular monitoring

3.2.26 An investment register is maintained, and updated on a daily basis, showing current investments and deposit account balances with counterparties used, investment durations and interest rates achieved.

3.2.27 Monthly reconciliations are completed for outstanding investment principal, interest received, outstanding borrowing principal and interest paid to ensure all transactions have been made and recorded accurately.

3.2.28 Prudential and treasury indicators are monitored on a regular basis. Any variances or breaches of the indicators are reported to Cabinet and Council on a timely basis. **Appendix H** contains treasury management indicator monitoring information at 30 September 2013. **Appendix I** contains prudential indicator monitoring information at 30 September 2013. Where appropriate figures include borrowings arising from finance leases. There have been no breaches of any indicators during the first half of the financial year.

3.2.29 The debt financing and debt management budgets have been monitored monthly since the start of the year, with any significant variances reported as part of the corporate financial performance reports. The debt financing budget forecast as at 30 September 2013 is attached at **Appendix J.**

3.2.30 The General Fund debt financing budget at the end of September 2013 is forecast at £233k over budget. This is mainly due to a significant fall in available investment interest rates in recent months, as outlined in paragraph 3.2.25 above. £208k of the shortfall can be met from the debt financing earmarked reserve, which was specifically set up to deal with the budgetary risks of fluctuations in interest rates. The remaining £25k overspend relates to MRP, where charges arising from the financing of the capital programme in 2012-13 are higher than budgeted. The budget will continue to be closely monitored over the coming months.

3.2.31 The 2014-15 debt financing budget will be put together with the expectation that the current historically low interest rate environment will continue into the near to medium term, such that any forecast deficiencies can be managed within the budget envelope, but supported by the remaining debt financing earmarked reserve if interest rates deteriorate still further.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The Council is required to adopt the latest CIPFA Treasury Management Code of Practice, and to set and agree the following policy and strategy documents:

a) Treasury Management Policy Statement

b) Treasury Management Practices (TMPs) and TMP Schedules

c) An annual Treasury Strategy incorporating:

(i) The Capital Financing and Borrowing Strategy for the year including:

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.

- The Affordable Borrowing Limit for the year as required by the Local Government Act 2003.

(ii) The Investment Strategy for the year as required by the CLG Guidance on Local Government Investments issued in 2010.

d) A mid-year review report and an annual review report of the previous year.

Items (a) to (c) are reported to Cabinet and Council as part of the budget setting process. The Council's Treasury Strategy for 2013-14 was approved by Council at its meeting on 25 February 2013.

4.1.2 The CIPFA Treasury Management Code of Practice requires the Council to place nominate a body (such as an audit or scrutiny committee) responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. The Audit Committee has been nominated for this role, which includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

4.2 Resources and Risk

4.2.1 The resources required for the Council's debt management and debt financing budgets are agreed annually through the Council's budget setting process. The debt financing budget position as at 30 September 2013 is shown at paragraph 3.2.30 and **Appendix J**.

4.2.2 The risk management of the treasury function is an integral part of day-to-day treasury activities. It is also specifically covered in the Council's Treasury Management Practices (TMPs), which are reviewed annually.

4.3 Legal

4.3.1 The Council is obliged to carry out its treasury management activities in line with statutory requirements and associated regulations and professional guidance. The relevant legislative and regulatory documents are referred to within the report and listed in the background papers.

4.4 Equality

4.4.1 An Equalities Impact Assessment (EIA) has been carried out on the Council's Treasury Management Strategy for 2013-14, and the associated Treasury Management Practices (TMPs) and Schedules to the TMPs.

4.4.2 The EIA assessment is that a full impact assessment is not necessary, as no direct or indirect relevance to equality and diversity duties has been identified.

4.5 Consultees (Internal and External)

4.5.1 Consultation on treasury management matters is undertaken as appropriate with the Council's treasury management advisor, CAS Treasury Solutions, and with the Portfolio holder for Finance.

4.5.2 The Audit Committee has been nominated by Council as the body responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. This role includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and the making of recommendations to Council. Audit

Committee reviewed the draft treasury management mid-year report and Appendixes at their meeting on 4 November 2013.

4.6 How the Proposals deliver Priority Outcomes

4.2.3 Management of performance in relation to treasury management activities supports the Council's priority of making every pound go further.

4.7 Other Implications

4.7.1 No other implications have been identified

5. Background Papers

None

Report Author: **Bev Dixon, Finance Manager (Treasury) – LGSS**
Tel: 01604 363719

Debt Financing Budget Monitoring 2013-14 - To 30 September 2013

Debt Financing & Interest	Budget £	Actual £	Variance to Budget £	Forecast £	Variance to Budget £
Interest Payable					
Interest on Long Term Borrowing	1,275,370	582,905	(692,465)	1,294,719	19,349
Interest on Short Term Borrowing	1,700	465	(1,235)	1,860	160
Interest on Finance Leases	0	2,730	2,730	0	0
Other Miscellaneous Interest	2,550	1,112	(1,438)	2,375	(175)
Amortisation Adjustments	0	0	0	954	954
Total Interest Payable	**1,279,620**	**587,211**	**(692,409)**	**1,299,907**	**20,287**
Interest Receivable					
Long Term Investment Interest Received	0	(7,960)	(7,960)	(13,801)	(13,801)
Short Term Investment Interest Received	(481,300)	(242,932)	238,368	(469,055)	12,245
Cash Equivalents Interest Received	(331,300)	(100,429)	230,871	(243,229)	88,071
Other Miscellaneous Interest	0	0	0	(20,463)	(20,463)
Interest on Finance Leases	0	18	18	0	0
Amortisation Adjustments	0	176,663	176,663	147,354	147,354
Total Interest Receivable	**(812,600)**	**(174,640)**	**637,960**	**(599,194)**	**213,406**
Other Debt Financing Transactions					
Minimum Revenue Provision	840,060	0	(840,060)	865,275	25,215
Recharges to/from HRA - Interest on cash balances	273,870	0	(273,870)	251,393	(22,477)
HRA interest - (Over)/under funded CFR	61,970	0	(61,970)	58,249	(3,721)
Total Other Debt Financing Transactions	**1,175,900**	**0**	**(1,175,900)**	**1,174,917**	**(983)**
Total Debt Financing & Interest	**1,642,920**	**412,571**	**(1,230,349)**	**1,875,630**	**232,710**

Economic Update provided by CAS Treasury Solutions

Quarter ending 30 September 2013

1. Economic Background

The quarter ended 30 September saw the following:

- Indicators suggested that the economic recovery accelerated;
- Household spending growth remained robust;
- Inflation fell back towards the 2% target;
- The Bank of England introduced state-contingent forward guidance;
- 10-year gilt yields rose to 3% at their peak and the FTSE 100 fell slightly to 6460;
- The Federal Reserve decided to maintain the monthly rate of its asset purchases.

After strong growth of 0.7% in Q2, it appears that UK GDP is likely to have grown at an even faster pace in Q3. On the basis of past form, the CIPS/Markit business surveys for July and August point to quarterly growth of potentially over 1.0% in the third quarter of 2013. Similarly, the official data have continued to improve. Admittedly, industrial production was flat in July. But even if it held steady in the rest of the quarter, it would still be 0.9% higher in Q3 than in Q2. In addition, the service sector expanded by 0.2% m/m and the construction sector grew by 2.2% m/m in July after growth of 1.8% q/q in Q2.

Consumer spending also continued to rise and may beat the increase seen in Q2. While the 1.1% monthly rise in retail sales in July was almost entirely offset by a 0.9% fall in August, the unusually warm weather in August is likely to have had a part to play in this. The retail surveys also painted a positive picture for household spending growth, with the Bank of England's Agents' Scores, BRC and CBI retail sales indicators showing stronger growth in Q3. And while growth in non-high street spending may have slowed, it probably remained robust. For example, although annual growth in new car registrations eased from the 24% rate seen in Q2, it was still a strong 15% in August.

The run of good news on the labour market continued, with the ILO unemployment rate falling to 7.7% in July from 7.8% in June. Employment rose by 80,000 in the three months to July, supported by an even bigger rise in full-time employment. This meant that the ratio of full-time to part-time workers continued to rise after it troughed last summer. The timelier claimant count measure of the unemployment rate also fell. Indeed, the cumulative fall in unemployment of 68,900 in July and August – the biggest two month fall since May and June 1997 – brought the claimant count unemployment rate down from 4.4% at the end of Q2 to 4.2% in August. Despite this, the headline (3 month average of the annual) rate of pay growth fell from 2.2% in June to just 1.1% in July. Excluding bonuses, earnings growth ticked up slightly to 1.1% y/y, but this remained well below the rate of CPI inflation at 2.7% in August, meaning real wages continued to fall.

Meanwhile, the cost of new credit has continued to fall, perhaps in response to the extension of the Bank of England's Funding for Lending Scheme (FLS) earlier this year. The quoted interest rate on a 5-year fixed mortgage at a 75% loan-to-value ratio was 3.34% in August, 7 basis points lower than in June and 77 basis points lower than when the FLS was introduced in July 2012.

Demand in the housing market continued to grow at a fast pace, supported by the FLS and the Government's Help to Buy scheme, which provide equity loans to credit-constrained borrowers. The RICS housing market survey reported that new buyer enquiries hit their highest level on record in August. Mortgage approvals for new house purchase rose to their highest level since February 2008 in August. Consequently, house prices continued to rise, with the Halifax and Nationwide measures recording 6.2% and 3.5% y/y rises in August, respectively. ONS data, though, shows that in real terms only London experienced year-on-year price rises in July. All other regions saw modest falls.

The economic recovery may finally be feeding through to the public finances. Although the government registered a surprise deficit in July (a month that normally delivers a surplus), in August net borrowing was 'just' £13.2bn, compared to £14.4bn in August 2012.

The new Governor of the Bank of England, Mark Carney, took office in July. Alongside the August Quarterly Inflation Report, the Bank introduced its new policy of forward guidance in which the Monetary Policy Committee (MPC) pledged not to raise official interest rates, or reduce the size of the asset purchase facility, until the ILO unemployment rate falls to 7%. At this point, the MPC would discuss whether or not to alter official policy. This guidance was subject to three 'knockouts' which, if breached, would invalidate the guidance. These are that the MPC forecasts inflation at or above 2.5% in 18-24 months' time, inflation expectations are no longer sufficiently well anchored or financial stability is threatened by the stance of monetary policy. On the MPC's current forecasts, the unemployment rate is most likely to reach 7% in late 2016.

However, financial markets continued to price in increases in Bank Rate by mid-2015, with overnight index swap rates and gilt yields rising after the announcement of forward guidance. Members of the MPC subsequently appeared at the Treasury Select Committee and three gave further speeches to clarify the guidance, but there was little market impact. However, the Bank of England's surveys suggest the message may have got through to the public as the balance of people expecting interest rates to rise over the next 12 months fell from 29% in May to 24% in August.

Meanwhile, CPI inflation fell from a 2013 peak of 2.9% in June to 2.7% in August. The fall was primarily the result of a drop in the contribution from petrol prices and a reduction in core inflation from 2.3% in June to 2% in August. CPI inflation looks likely to have edged down again in September, perhaps to about 2.5%, reflecting a further fading of both energy prices and core inflation.

The big news in financial markets was that the Federal Reserve unexpectedly decided not to taper its asset purchases in September. In announcing its decision to maintain monthly purchases at $85bn, the Fed explained that it wanted to "await more evidence that [the economic recovery] will be sustained before adjusting the pace of its purchases." This came despite previous hints of tapering from the Fed and the fall in the unemployment rate in both July and August. It currently stands at 7.3%.

Across the quarter as a whole, advanced economy bond markets sold off, suggesting the rise in UK gilt yields was not solely down to markets' scepticism about domestic forward guidance. Gilt yields tracked US Treasury yields up, with ten-year gilts rising by around 60 basis points to reach 3% in early September for the first time since mid-2011. After the Fed's decision not to taper, gilt yields fell back, although not enough to offset the previous rise. Ten-year gilts finished the quarter at 2.7%. Equity markets stayed relatively flat over the quarter. While the FTSE 100 rose from 6470 to 6620 over the first few weeks of June, the index closed the quarter at 6462.

Meanwhile, Eurozone business surveys suggested that the economy continued to expand in Q3, albeit at a moderate pace. There was also a general election in Germany in which the incumbent Chancellor, Angela Merkel, performed better than expected by winning 41.5% of the vote. She is now likely to form a coalition, but it remains to be seen what form this will take.

2. Interest Rate Forecast

The Council's treasury advisor, CAS Treasury Solutions, has provided the following interest rate forecast:

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%
10yr PWLB rate	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%
25yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%
50yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%

CAS Treasury Solutions undertook a review of its interest rate forecasts in late September as a result of an increase in confidence in economic recovery, chiefly in the US, but more recently, also in the UK and Eurozone. The latest forecast now includes a first increase in Bank Rate in quarter 3 of 2016 (previously quarter 4).

Summary Outlook

UK economy

After the previous Inflation Report included a somewhat encouraging shift towards optimism in terms of a marginal upgrading of growth forecasts, the August Inflation Report occurred in the midst of a welter of economic statistics which have left economists and forecasters speechless in terms of finding suitable words to describe a major simultaneous shift up in gear of the economy in all of the three sectors of services, manufacturing / industrial AND construction! It is therefore not surprising that the Report upgraded growth forecasts for 2013 from 1.2% to 1.4% and for 2014 from 1.7% to 2.5%. However, Bank Governor Mark Carney put this into perspective by describing this welcome increase as not yet being "escape velocity" to ensure we return to strong AND sustainable growth, after what has been the weakest recovery on record after a recession. So very encouraging - yes, but, still a long way to go! As for inflation, it was forecast to be little changed from the previous Report – falling back to 2% within two years and staying there during year three.

In addition to the stimulus provided by QE, the Funding for Lending Scheme (FLS), is aimed at encouraging banks to expand lending to small and medium size enterprises. The FLS certainly seems to be having a positive effect in terms of encouraging house purchases (though levels are still far below the pre-crisis level), and causing a significant increase in house prices – but only in London and the south east. FLS is also due to be bolstered by the second phase of Help to Buy aimed to support purchasing of second hand properties, which is now due to start in October.

Forward guidance caveats

The Bank of England also issued forward guidance with the Inflation Report which said that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey / ILO i.e. not the claimant count measure) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years. The UK unemployment rate currently stands at 2.5 million i.e. 7.7 % on the LFS / ILO measure. The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The Capita Asset Services view is that the recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession. The latest Inflation Report noted that productivity has sunk to 2005 levels. We are, therefore, concerned that there has been a significant level of retention of labour, which will mean that a significant amount of GDP growth can be accommodated without a major reduction in unemployment.

In summary, our current views are centred around the following: -

UK

- Growth has been on an upward trend – 0.3% in Q1; 0.7% in Q2 and likely to be much stronger in Q3. The so called double dip recession at the beginning of 2012 was erased by the latest revision of statistics.

- Business surveys, consumer confidence, consumer borrowing and house prices are all on the up and may help to create a wide spread feel good factor. However, this is still a long way away from the UK getting back to sustainable strong growth.

- A fair proportion of UK GDP is dependent on overseas trade; the high correlation of UK growth to US and EU GDP growth means that the UK economy is still vulnerable to what happens in overseas markets.

- Consumer expenditure is likely to remain suppressed by inflation being higher than increases in average earnings i.e. disposable income will continue to be eroded.

- The coalition government is hampered in promoting growth by the need to tackle the budget deficit. However, the March Budget did contain measures to boost house building and the supply of mortgages, and brought forward, by one year to April 2014, the start of a £10,000 tax free allowance for incomes.

- There is little sign of a co-ordinated strategy for the private sector to finance a major expansion of infrastructure investment to boost UK growth.

- Government inspired measures to increase the supply of credit to small and medium enterprises (which are key to achieving stronger growth) by banks are not succeeding.

- Gilt yields remain vulnerable to pressures to rise, especially as they are powerfully influenced by US treasury yields and American investors have been spooked by Chairman Bernanke's comments on tapering QE. The Fed's reluctance to start tapering in September has, potentially, only delayed a trend for gilt yields to rise.

Eurozone

- Most Eurozone countries are now starting to see a return to growth after a prolonged recession. The prospects for growth, at least in the short term, have also improved. However, for some countries, austerity programmes could prove to be a self defeating spiral of falling demand, tax receipts, and GDP, leading to a rise, not fall, in debt to GDP ratios. Debt ratios in excess of 90% will cause market concern as beyond this level, the costs of servicing such debt becomes oppressive and growth inhibiting. This could, therefore, lead to an inevitable end game in the over the next few years of withdrawal from the Eurozone bloc in order to regain national control of a currency, government debt, monetary policy and, therefore, of setting national interest rates. The ECB's pledge to provide unlimited bond buying support for countries that request an official bailout means that market anxiety about these countries is likely to be subdued in the near term. However, the poor economic fundamentals and outlook for some economies could well mean that an eventual storm in financial markets has only been delayed, not cancelled.

- The ECB maintained its central policy rate at 0.5% in this quarter.

- Greece: after the agreement to a further major financial support package amounting to nearly €50bn in December 2012, it now looks almost certain that the country will need another, smaller, bailout package as progress has not been quick enough in rectifying the national finances.

- Spain: there is also increasing concern over the Spanish economy; the social cost and pain of a very high level of unemployment of 27%, similar to the level in Greece, could mean that both countries are approaching the limit of operating austerity programmes within democratic systems. Spain has, to date, resisted asking for an official national bailout, although it has received financial support to recapitalise its four largest banks.

- Italy: the general election created a highly unstable political situation where the two dominant parties initially formed an unlikely coalition due to the blocking power of the new upstart Five Star anti-austerity party which has 25% of seats and has refused to enter a coalition agreement with ANY party. There could therefore be volatility in Spanish and Italian bond yields over the next year, depending on political and economic developments.

- Germany: the general election in September returned Angela Merkel's party to power, but not with an overall majority. It will have to form a coalition, but with a new makeup, as the previous junior party was wiped out.

- Cyprus: the fallout from the bail out in March 2013 has done huge damage to the Cypriot economy and many commentators consider it is only a matter of time before another bailout will be needed – or exit from the Euro.

- The Eurozone remains particularly vulnerable to investor fears of contagion if one country gets into major difficulty.

US

- There has been a marked improvement in consumer, investor and business confidence this year.

- Unemployment has continued on a steady, but unspectacular decline to 7.3%, but is still a long way from the target rate of 6.5% for an increase in the Fed policy rate.

- The housing market has turned a corner, both in terms of rising prices and in increases in the volume of house sales. More householders are, therefore, escaping from negative equity.

- US equities have reached all-time highs.

- The package of tax increases and cuts in Government expenditure starting in 2013 does not appear to be having a major impact on depressing growth.

- GDP in Q1 was disappointingly downgraded from +2.4% to a sub-par +1.8% before rising to 2.5% in Q2.

- The shale gas revolution is providing some solid underpinning to the US economy by enhancing its international competitiveness through cheap costs of fuel.

- There has been a start to the repatriation of manufacturing production from China to the USA as Chinese labour costs have continued their inexorable rise and new forms of high tech production have made home based production more viable and flexible.

China

- Concerns that Chinese growth could be heading downwards have been allayed by recent stronger statistics. There are still concerns around an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector.

- There are also increasing concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan

- The initial euphoria generated by "Abenomics", the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and introduce other economic reforms, appears to have stalled.

Forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely during the remainder of 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

Near-term, there is some residual risk of further QE - if there is a dip in strong growth or if the MPC takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years. This could cause shorter-dated gilt yields and PWLB rates over the next year or two to significantly undershoot the forecasts in the table below. The failure in the US, (at the time of writing), over passing a Federal budget for the new financial year starting on 1 October, and the expected tension over raising the debt ceiling in mid-October, could also see bond yields temporarily dip until any binding agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed could cause bond yields to rise.

The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently weighted to the upside after five months of robust good news on the economy. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

Downside risks currently include:

- The conflict in the UK between market expectations of how quickly unemployment will fall as opposed to the Bank of England's forecasts
- Prolonged political disagreement over the US Federal Budget and raising the debt ceiling
- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations.
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth which could result in the ratio of total government debt to GDP to rise to levels that undermine investor confidence in the UK and UK debt.

- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

- In the longer term – an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

Outstanding Investments at 30th September 2013

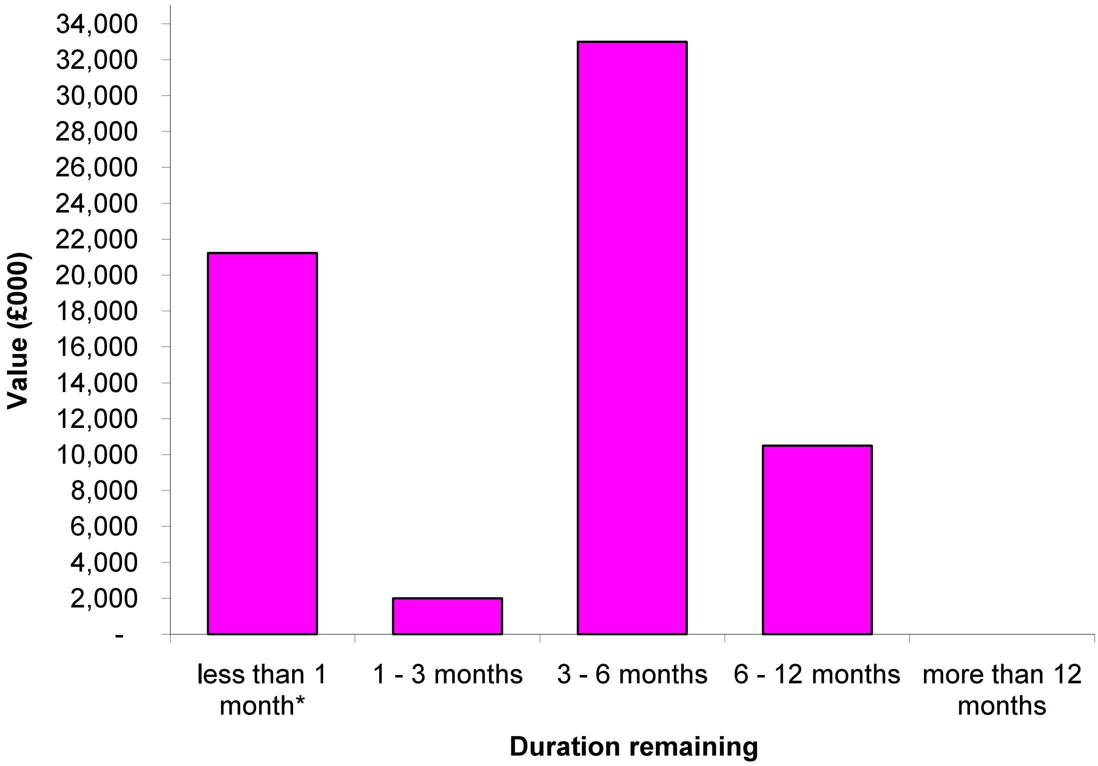
Deposit Accounts, Call Accounts & Money Market Funds

Counterparty	Balance (£000)
Deposit Accounts	
HSBC Bank plc	130
RBS NatWest	12
Call Accounts	
Bank of Scotland plc 95 day notice	17,000
Money Market Funds	
Ignis Sterling Liquidity Fund	13,190
Insight Liquidity Fund	3,400
Total Deposit Accounts, Call Accounts & Money Market Funds	**33,732**

Fixed Term Investments

Counterparty	Start Date	End Date	Value Invested (£000)
Royal Bank of Scotland	01/05/12	01/05/14	1,000
Bank of Scotland Plc	12/10/12	11/10/13	2,500
Bank of Scotland Plc	04/02/13	03/02/14	5,000
Nationwide Building Society	11/04/13	11/10/13	2,000
Bank of Scotland Plc	23/04/13	22/04/14	2,000
Nordea Bank Finland plc	30/04/13	31/10/13	1,000
Bank of Scotland plc	22/05/13	21/05/14	3,000
DBS Bank Ltd	03/06/13	03/12/13	1,000
Nationwide Building Society	29/07/13	29/01/14	3,000
Bank of Scotland Plc	12/08/13	11/08/14	5,000
Standard Chartered Bank	23/08/13	24/02/14	1,000
Standard Chartered Bank	19/09/13	19/03/14	2,000
National Westminster Bank Plc	25/09/13	24/09/14	2,000
Bank of Scotland plc	30/09/13	29/09/14	2,500
Total Fixed Term Investments			**33,000**
Total Investments at 30 September 2013			**66,732**

Maturity profile of investments (days remaining at 30 Sept 2013)

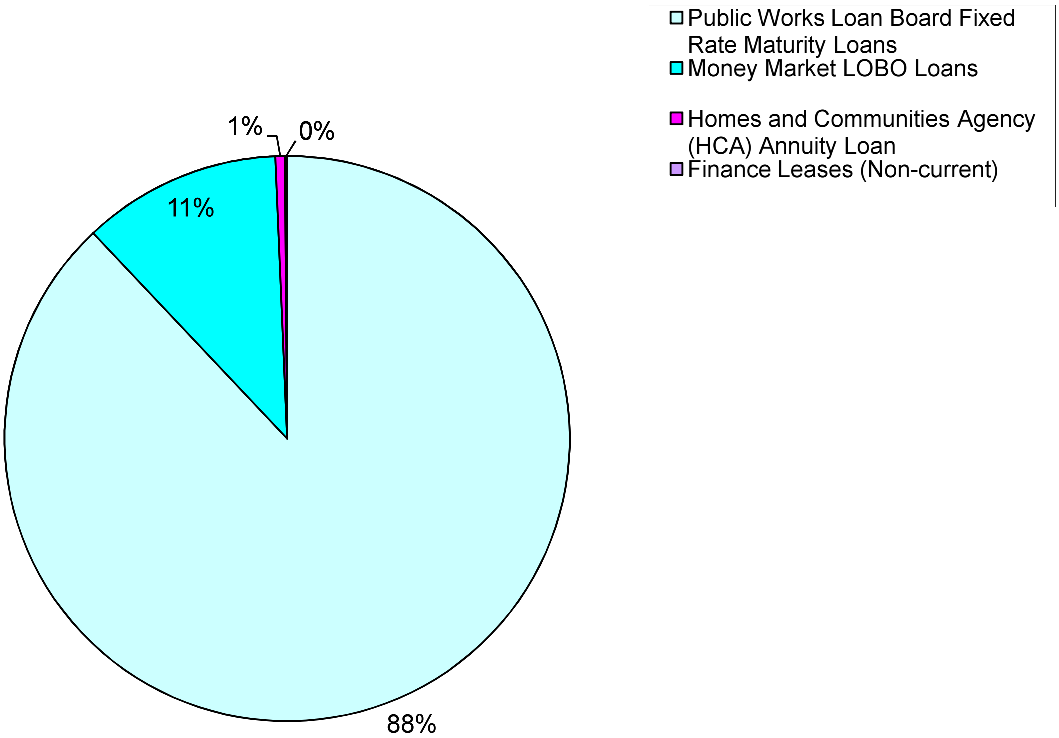


Duration remaining	Value (£000)	% of total
less than 1 month*	21,232	32
1 - 3 months	2,000	3
3 - 6 months	33,000	49
6 - 12 months	10,500	16
more than 12 months	-	-
Total	**66,732**	**100**

* Includes instant access deposit accounts and money market funds

Long Term Borrowing as at 30 September 2013

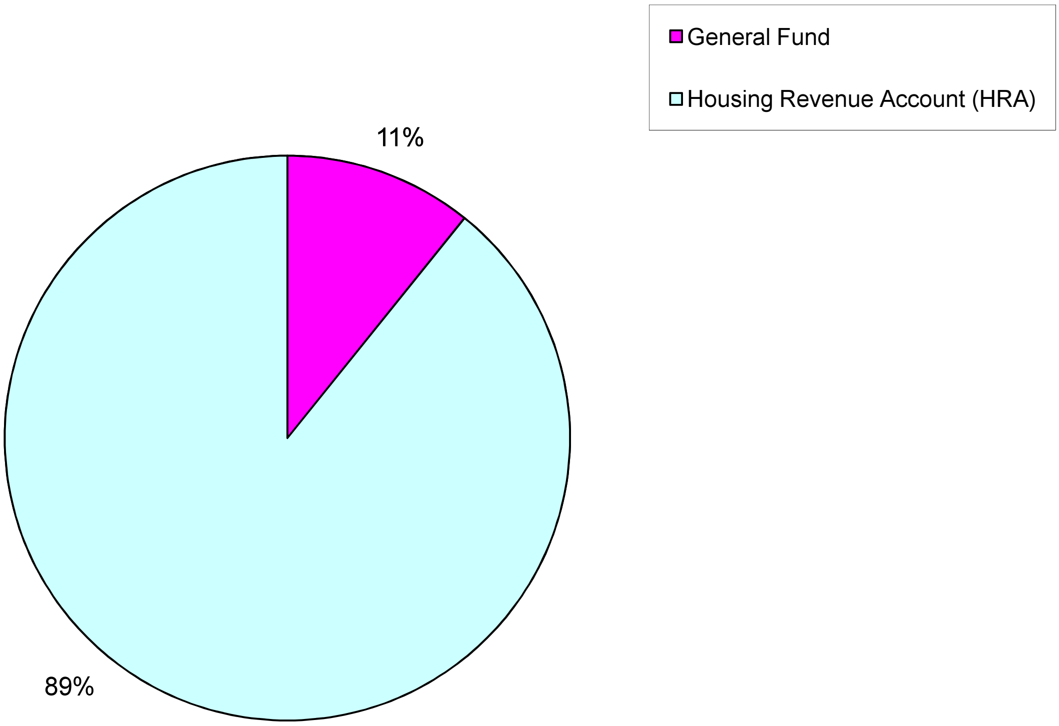
	Principal	Proportion of Debt	Range of Interest Rates Paid	
			From	To
	£'000	%	%	
Public Works Loan Board Fixed Rate Maturity Loans	191,613	87.96	1.24	3.97
Money Market LOBO Loans	24,788	11.38	4.85	7.03
Homes and Communities Agency (HCA) Annuity Loan	1,148	0.53	9.25	9.25
Finance Leases (Non-current)	289	0.13	4.04	8.06
Total Long Term Debt Outstanding	**217,838**	**100**		



Figures shown at balance sheet (amortised) value

Long Term Borrowing as at 30th September 2013

	Principal	Proportion of Debt	Range of Interest Rates Paid	
			From	To
	£'000	%	%	
General Fund	24,706	11.34	3.47	9.25
Housing Revenue Account (HRA)	193,132	88.66	1.24	4.85
Total Long Term Debt Outstanding	**217,838**	**100**		



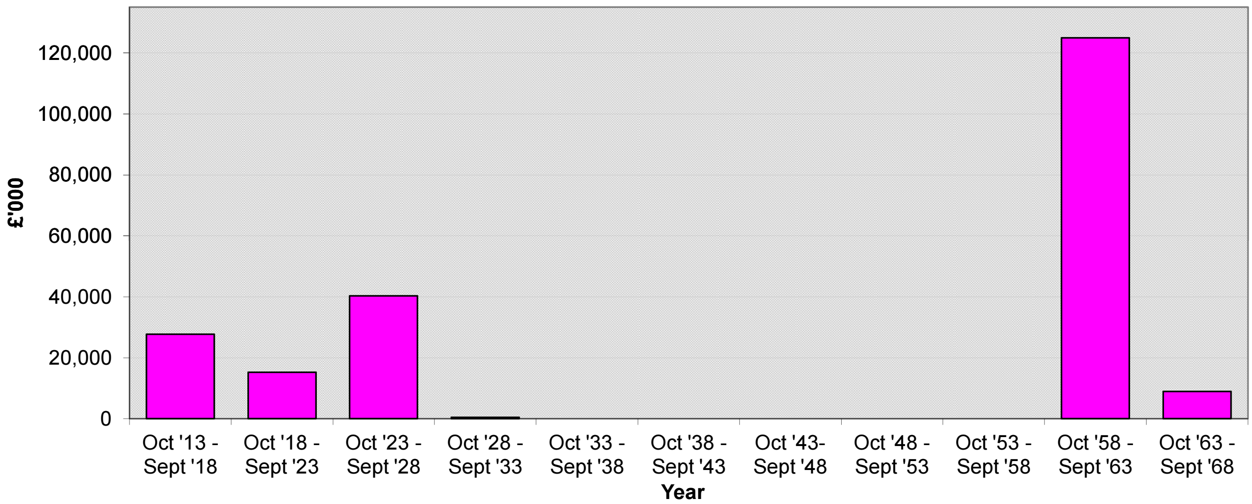
Figures shown at balance sheet (amortised) value

Long Term Debt Maturity Profile as at 30th September 2013

Time Frame	Time Frame	Value of Loans Maturing	Proportion of Long Term Debt
		£'000	%
0 to 5 years	Oct '13 - Sept '18	27,764	13%
6 to 10 years	Oct '18 - Sept '23	15,221	7%
11 to 15 years	Oct '23 - Sept '28	40,324	19%
16 to 20 years	Oct '28 - Sept '33	504	0%
21 to 25 years	Oct '33 - Sept '38	-	0%
26 to 30 years	Oct '38 - Sept '43	-	0%
31 to 35 years	Oct '43- Sept '48	-	0%
36 to 40 years	Oct '48 - Sept '53	-	0%
44 to 45 years	Oct '53 - Sept '58	-	0%
46 to to 50 years	Oct '58 - Sept '63	125,000	57%
51 to 55 years	Oct '63 - Sept '68	9,000	4%
Total		**217,813**	**100%**

The Council's three LOBO loans mature in 2014-15 (£15.6m) and in 2065/66 (£9m).
Thirteen PWLB Loans mature between 2016 and 2028 (£65m), and the fourteenth and largest loan is due for repayment in 2061-62
The HCA annuity is repaid across the term of the loan, with the final payment due in 2033-34.
Most finance lease borrowings (£276k) mature within the next five years, with the remainder (£12k) maturing within ten years.

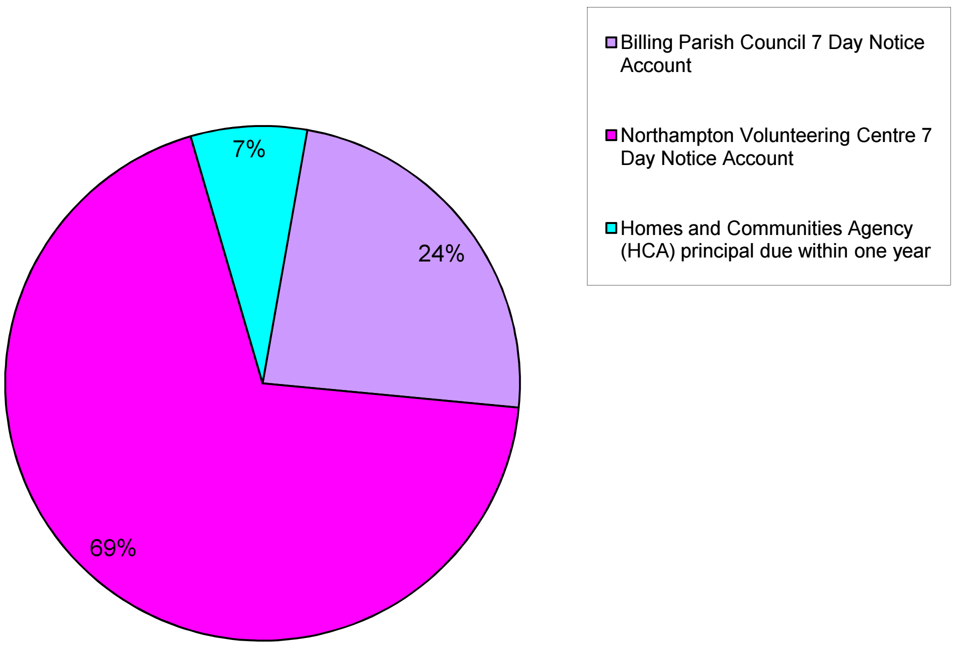
Long Term Debt Maturity Profile as at 30th September 2013



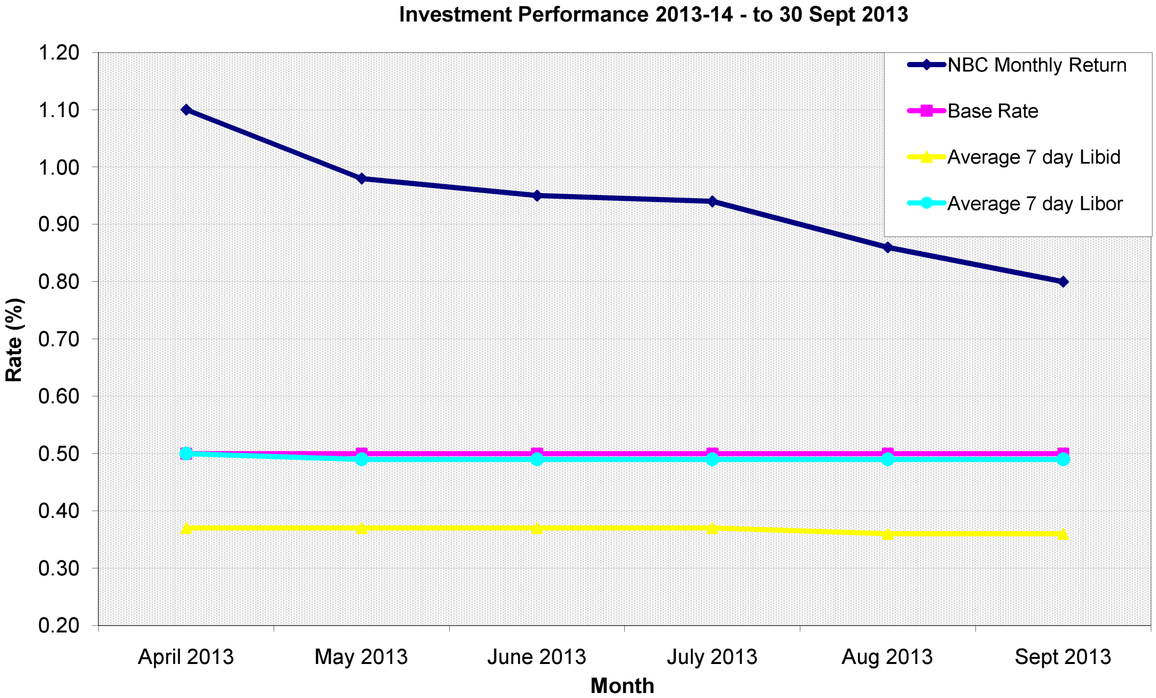
Figures shown at cash value rather than amortised cost to reflect commitment at maturity

Short Term Borrowing as at 30th September 2013

	Principal	Proportion of Debt	Range of Interest Rates Paid to 30/09/2013	
			From	To
	£'000	%	%	
Billing Parish Council 7 Day Notice Account	65	24	0.51	0.63
Northampton Volunteering Centre 7 Day Notice Account	189	69	0.51	0.63
Homes and Communities Agency (HCA) principal due within one year	20	7	9.25	9.25
Total Debt Outstanding at 30th September 2013	**274**	**100**		



Figures shown at cash value



Temporary Investments - Comparison of Monthly Rate of Return to Base Rate and 7 Day Libid Rate					
Month	NBC Monthly Return %	Base Rate %	Average 7 day Libid %	Average 7 day Libor %	Variance - Monthly Return - Libid %
April 2013	1.10	0.50	0.37	0.50	0.73
May 2013	0.98	0.50	0.37	0.49	0.61
June 2013	0.95	0.50	0.37	0.49	0.58
July 2013	0.94	0.50	0.37	0.49	0.57
Aug 2013	0.86	0.50	0.36	0.49	0.50
Sept 2013	0.80	0.50	0.36	0.49	0.44
Average to 30/09/13	0.94	0.50	0.37	0.49	0.57

Average LIBID and LIBOR rates supplied by CAS Treasury Solutions originally to 4 decimal places rounded to 2 decimal places above.

The monthly rate of return is the average interest rate the Council achieved on fixed investments and deposit account balances it held during the month.

The average 7 day Libid/Libor rate is the rate of return the Council would have achieved in the month if the interest rate applicable on fixed investments held during the month had been the 7 day Libid/Libor rate at the time of investment, and interest had been calculated daily for deposit accounts using the 7 day Libid/Libor rate for each day.

The monthly return - Libid variance is the difference between the rate achieved during the month and the rate that could have been achieved at the average 7 day Libid rate as defined above.

Treasury Indicators monitoring at 30 September 2013

1a. Upper limits on interest rate exposures - Investments

Upper limits on interest rate exposures - Investments			
	2013-14	2013-14	2013-14
	Limit %	Actual at 30/09/2013 %	Maximum to 30/09/2013 %
Fixed Interest Rate Exposures	100%	49%	57%
Variable Interest Rate Exposures	100%	51%	66%

1b. Upper limits on interest rate exposures - Borrowing

Upper limits on interest rate exposures - Borrowing			
	2013-14	2013-14	2013-14
	Limit %	Actual at 30/09/2013 %	Maximum to 30/09/2013 %
Fixed Interest Rate Exposures	100%	89%	89%
Variable Interest Rate Exposures	100%	11%	12%

1c. Upper limits on interest rate exposures - Net borrowing

Upper limits on interest rate exposures - Net borrowing			
	2013-14	2013-14	2013-14
	Limit %	Actual at 30/09/2013 %	Maximum to 30/09/2013
Fixed Interest Rate Exposures	150%	106%	122%
Variable Interest Rate Exposures	150%	-6%	3%

Note: In the three indicators above the maximum values may relate to different points in time and may not therefore add up to 100% in each indicator. It is also possible for negative indicators to arise in either the actual or maximum indicators

2. Total principal sums invested for periods longer than 364 days

Upper limit on investments for periods longer than 364 days			
	2013-14	2013-14	2013-14
	Limit £000	Actual at 30/09/2013 £000	Maximum to 30/09/2013 £000
Investments longer than 364 days	17,000	0	1,000

3. Maturity Structure of Borrowing

Maturity structure of borrowing			
	2013-14	2013-14	2013-14
	Lower Limit %	Upper Limit %	Actual at 30/09/2013 %
Under 12 months	0%	20%	11%
1-2 years	0%	20%	0%
2-5 years	0%	20%	5%
5-10 years	0%	20%	7%
10 -20 years	0%	40%	19%
20-30 years	0%	60%	0%
30-40 years	0%	80%	0%
Over 40 years	0%	100%	57%

Note: The guidance for this indicator requires that LOBO loans are shown as maturing at the next possible call date rather than at final maturity. The Council's three LOBO loans are therefore included in the figure maturing in under 12 months. This presentation differs from that in Annex E, where LOBO loans are included at their final maturity date. In the current low interest rate environment the likelihood of the interest rates on these loans being raised and the loans requiring repayment at the break period is extremely low.

Prudential Indicators Monitoring at 30 September 2013

Affordability

a) Estimate of the ratio of financing costs to net revenue stream

Ratio of financing costs to net revenue stream		
	2013-14 Estimate %	2013-14 Estimate at 30/09/2013 %
General Fund	6.02%	6.87%
HRA	33.49%	33.54%

b) Estimate of the incremental impact of capital investment decisions on the council tax

Estimates of incremental impact of new capital investment decisions on the Council Tax	
	2013-14 Estimate £.p
General Fund	0.27

This indicator is set before the start of the financial year, in the context of the budget setting process, which feeds into the setting of Council Tax and Housing Rents. As these are set and fixed for the financial year ahead, any capital investment decisions made during the year cannot impact on the existing Council Tax and Housing rent levels. This means that new capital investment plans approved during the year must be funded externally or from within existing resources.

c) Estimate of the incremental impact of capital investment decisions on the housing rents

Estimates of incremental impact of new capital investment decisions on average weekly housing rents	
	2013-14 Estimate £.p
Housing Revenue Account	0.06

This indicator is set before the start of the financial year, in the context of the budget setting process, which feeds into the setting of Council Tax and Housing Rents. As these are set and fixed for the financial year ahead, any capital investment decisions made during the year cannot impact on the existing Council Tax and Housing rent levels. This means that new capital investment plans approved during the year must be funded externally or from within existing resources.

Prudence

d) Gross debt and the capital financing requirement (CFR)

Net external debt less than CFR				
	2013-14 £000	2013-14 Position at 30/09/2013 £000	2013-14 Maximum Net to 30/09/2013 £000	2013-14 Forecast Maximum £000
Borrowing	216,129	217,545	217,560	217,560
Gross external debt	216,129	217,545	217,560	217,560
2012-13 Closing CFR (Forecast)	216,826	216,615	216,615	216,615
Changes to CFR:	0	0	0	0
2013-14	5,118	5,216	5,216	5,216
2014-15	-	(114)	(114)	(114)
2015-16	-	(154)	(154)	(154)
Adjusted CFR	221,944	221,564	221,564	221,564
Gross external debt greater than adjusted CFR	**No**	**No**	**No**	**No**

Capital Expenditure

e) Estimate of capital expenditure

Capital Expenditure		
	2013-14 Estimate £000	2013-14 Estimate at 30/09/2013 £000
General Fund	5,747	19,557
HRA	24,375	27,492
Total	**30,122**	**47,049**

f) Estimates of capital financing requirement (CFR)

Capital Financing Requirement (Closing CFR)		
	2013-14 31 March 2014 Estimate £000	2013-14 31 March 2014 Forecast at 30/09/2013
General Fund	35,141	39,642
HRA	186,803	186,803
Total	**221,944**	**226,446**

External Debt

g) Authorised limit for external debt

Authorised limit for external debt				
	2013-14 Limit £000	2013-14 Actual at 30/09/2013 £000	2013-14 Maximum to 30/09/2013 £000	2013-14 Forecast Maximum £000
Borrowing	240,000	217,545	217,560	217,560
Other long-term liabilities	5,000	289	289	289
Total	**245,000**	**217,833**	**217,848**	**217,848**

h) Operational boundary for external debt

Operational boundary for external debt				
	2013-14 Limit £000	2013-14 Actual at 30/09/2013 £000	2013-14 Maximum to 30/09/2013 £000	2013-14 Forecast Maximum £000
Borrowing	245,000	217,545	217,560	217,560
Other long-term liabilities	5,000	289	289	289
Total	**250,000**	**217,833**	**217,848**	**217,848**

i) HRA Limit on Indebtedness

HRA Limit on Indebtedness		
	2013-14 Limit £000	2013-14 Forecast closing HRA CFR at 30 Sept 2013 £000
Total	**208,401**	**186,803**

i) Adoption of the CIPFA code of Practice for Treasury Management in the Public Services

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. The adoption is included in the Council's Constitution, approved by the Council on 14 March 2011, at paragraph 6.10 of the Financial Regulations

Appendices:
6

NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Financial Monitoring Report

AGENDA STATUS: **PUBLIC**

Audit Committee Meeting Date:	4 November 2013
Policy Document:	No
Directorate:	Finance Directorate LGSS
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

1.1 To present Committee with the financial position to 31 August.

1.2 To update Committee on car parking income and usage to 31 August.

1.3 To update Committee on the position regarding the Council's outstanding debts as at 30 September.

2. Recommendations

2.1 To consider the contents of the following finance reports:

- General Fund Revenue Monitoring (Appendix 1);
- General Fund Capital Monitoring (Appendix 2);
- HRA Revenue Monitoring (Appendix 3);
- HRA Capital Monitoring (Appendix 4).

2.2 To note the position on car parking income and usage as at 31 August (Appendix 5).

2.3 To note the latest position in relation to the Council's outstanding debts as at 31 August (Appendix 6).

2.4 To consider whether Committee requires any additional information in order to fulfil its governance role.

2.5 To note that the financial position to 31 August reflects the post transfer of support service functions to LGSS.

3. Issues and Choices

3.1 Report Background

3.1.1 A Finance and Performance report is presented to Cabinet quarterly (including the outturn report). Finance reports are published monthly on the intranet except at the beginning, and during the final months, of the financial year.

3.1.2 Committee has asked to receive these reports which are brought to the first available meeting following their production.

3.1.3 Committee has also asked for more detailed information regarding car parking income and usage, and debt recovery.

3.2 Issues

3.2.1 The Council's revenue and capital position as at 31 August 2013 (Period 6) is set out in Appendices 1-4.

3.2.2 Significant variances at this point in the year are as follows:

3.2.2.1 General Fund Revenue – £88k adverse

Note: for ease of understanding adverse variations (i.e. additional costs or reductions income) are shown without brackets, while favourable variations (increased income or cost savings) are shown within them.

	£000
Controllable Service Budgets	63
Debt Financing	25
Contribution From Reserves	0
General Fund Revenue	**88**

. The major variations are detailed below.

- Car Parking -£11k adverse - The forecast shortfall in daily ticket income has increased to £148k..The forecast variance has taken into account the use of reserve of (£75k), for the August extended free parking, and (£148k) of an earmarked car parking reserve.
- Debt financing £227k overspend mainly due to a fall in available investment interest rates in year to date. This shortfall can be met from the debt financing earmarked reserve, which was specifically set up to deal with the budgetary risks of fluctuations in interest rates. The use of this reserve up to (£202k) is now reflected in the figures leaving a £25k adverse position.
- Head of Major Projects and Enterprise £88k forecast due to the cost of interim cover to the financial year end supporting the Enterprise project and Regeneration areas. Other Buildings and Land £62k shortfall in rental income due to vacant premises either waiting to be re-let or being

marketed for disposal. The use of an earmarked reserve (£60k) is now reflected in the figures.

- Development Control (£167k) favourable mainly due to forecast better fee income than budgeted.
- Housing Services £106k adverse forecast mainly split over Call Care £107k, Private Sector Housing Solutions £55k, and a budgeted staff efficiency of £50k that is forecast not to be achieved, offset by underspend of (£116k) forecast staff vacancy savings on Home Choice and Resettlement.

3.2.2.2 <u>HRA Revenue – £467k adverse</u>

- Supporting People funding of £550k is being withdrawn from the end of September and is now forecast. This is partly offset by a forecast underspend in staffing costs within the Wardens service as the result of a restructure. A reserve was prudently created in anticipation of the Supporting People changes occurring and is sufficient to meet the remaining net shortfall in year. Dwelling rents due in year is forecasted to be under-recovered by £200k due to increased Right to Buys in 12/13 and current year. Rent Rebate Subsidy deductions are forecast to be nil for the year resulting in a (£96k) saving to the HRA.

3.2.2.3 <u>Capital Programme -</u>

- GF Capital Programme - There is one variation forecast, a saving of (£40k) to St Crispin Football Pitches. Due to demand there are currently pressures on the Disabled Facilities Grants budget. These are being reviewed and an update will be incorporated into future monitoring reports.
- HRA Capital Programme – is forecast to be on target to be delivered.

3.2.3 Appendix 5 shows the monthly levels of car parking usage and income to 31 August.

3.2.4 The managed debt analysis and commentary to 30 September are shown at Appendix 6.

3.3 Choices (Options)

3.3.1 None

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 Ongoing monitoring of the Council's budget and capital programme enables early intervention and appropriate remedial action, thus mitigating risks to the Council's financial viability and to its reputation.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 None at this stage.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Regular reporting of the Council's financial position helps to ensure the proper stewardship of the Council's resources. Active financial management contributes to the delivery of value for money services, enabling public money to be used to maximum benefit.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

None

Glenn Hammons
Chief Finance Officer, Telephone 01604 366521

General Fund Revenue Budget Forecasts 2013/14
August 2013

Division	Ksa	Service Area	Revised Budget £000's	Forecast £000's	Forecast Variance £000's	RAG Status	Description
	DR02	Director of Regeneration, Enterprise & Planning	234	215	(19)	G	
Director of Regeneration, Enterprise and Planning			234	215	(19)	G	
	FA01	Asset Management	1,436	1,405	(31)	G	(£46k) saving due to vacant posts. The budgeted contribution towards repair and maintenance of monuments and memorials has been cut by the County Council resulting in an income shortfall of £9k. Further £7k overspend is related to the marketing of premises.
	FA06	Other Buildings & Land	(1,544)	(1,516)	28	G	£62k shortfall in rental income and £18k NNDR overspend due to vacant premises waiting to be re-let or being marketed for disposal. £25k shortfall in income following review of market rent for Delapre Golf Complex. This is offset by (£9k) surplus on insurance premium income and (£8k) underspend on utilities and building cleaning. A potential drawdown from earmarked reserves for the shortfall in rental income £60k is now reflected.
Asset Management			(108)	(111)	(3)	G	
	RG01	Head of Major Projects and Enterprise	74	162	88	A	Overspend due to the cost of the interim cover forecast to the end of financial year.
	RG02	Regeneration & Investment	870	889	19	G	
Major Projects and Enterprise			943	1,050	107	R	
	PE02	Building Control	(37)	(26)	10	G	
	PE03	Development Control	327	161	(167)	B	(£40) underspend due to vacant posts. (£131k) surplus due to the high level of planning applications in the year. This is offset by £5k from various supplies & services.
	PE06	Head of Planning	114	114	(0)	G	
	PE15	Joint Planning Unit Manager	257	257	0	G	
	PE17	Planning & Regen Central Support	105	96	(8)	G	
	PE18	Town Centre Team	165	141	(24)	G	Delay in restructure implementation has resulted in saving. Used to cover overspend in Regeneration and Investment.
	RG04	Planning Policy & Conservation	628	617	(11)	G	
Head of Planning			1,559	1,360	(199)	B	
Director of Regeneration, Enterprise & Planning			**2,628**	**2,514**	**(114)**	**B**	
	DR05	Director of Housing	138	188	50	G	Staff efficiency savings across the service unlikely to be achieved.
Director of Housing			138	188	50	G	
	CS02	Call Care	(73)	34	107	R	Anticipated project costs in relation to the office move from Exeter Place to the Guildhall.
	HS05	Home Choice & Resettlement	473	356	(116)	B	Staff vacancies across the service area.
	HS12	Housing Options	482	503	21	G	Higher costs in relation to the Deposit Bond Scheme.
	HS13	Head of Strategic Housing	136	136	0	G	
	PE09	Travellers Sites	22	23	1	G	
	PE12	Private Sector Housing Solutions	49	104	55	A	Higher net costs on providing accommodation for the homeless £15k, and higher expenditure within the Private Sector Solutions Team in relation to inspections of houses in multiple occupation (HMO's).
	RG03	Housing Strategy	59	47	(12)	G	
Head of Strategic Housing			1,147	1,203	56	A	
Housing			**1,286**	**1,391**	**106**	**R**	

Division	Ksa	Service Area	Revised Budget	Forecast	Forecast Variance	RAG Status	Description
	FA04	Non Distributed Costs	4,571	4,571	0	G	
	DR03	Director of Resources	(19)	(26)	(7)	G	
	LGSS	Local Government Shared Service	8,961	8,961	0	G	
	HR01	Human Resources	146	147	1	G	
	GC08	Communications	253	259	6	G	
	GC15	Emergency Planning	52	53	1	G	
	PI20	Performance and Change	130	130	0	G	
	HS02	Head of Finance & Resources	15	15	0	G	
	FA02	Financial Services	128	144	15	G	
	FA03	Audit	215	215	0	G	
	FA05	Investments	9	9	(0)	G	
	FA19	Exchequer Service	80	81	1	G	
	HS01	Benefits	(1,339)	(1,339)	0	G	
	HS03	Revenues	(566)	(561)	5	G	
	PR01	Procurement	23	20	(3)	G	
	CX01	Chief Exec	179	181	2	G	
	GC02	Civic and Mayoral Expenses	96	106	9	G	
	GC05	Overview and Scrutiny	44	45	2	G	
	GC06	Councillor & Managerial Support	535	538	3	G	
	LD02	Electoral Services	173	189	16	G	
	LD03	Land Charges	(11)	(21)	(10)	G	
	LD04	Legal	262	266	4	G	
	LD08	Democratic Services	293	255	(38)	G	Staffing vacancies
Borough Secretary			14,233	14,240	7	G	
Borough Secretary			**14,233**	**14,240**	**7**	**G**	
	DR01	Director of Customers and Communities	279	266	(13)	G	
Director of Customers and Communities			279	266	(13)	G	
	CE02	Community Safety	505	560	54	A	CCTV income forecast has reduced by £32k. This is a combination of a number of factors ;- Loss of contracts for NCC Waste Centre, Traffic management cameras , on street car parking and Daventry DC together with renegotiation in the Wellingborough Contract. Fibre optic line rentals has increased by £7k. There is an overspend of £8k on Electricity. Employee costs have increased by £7k.
	CE04	Leisure Contract	741	747	6	G	
	LD05	Licensing	(245)	(238)	6	G	
	PE07	Pest Control	42	32	(10)	G	
	PE10	Commercial Services	333	343	10	G	
	PE11	Environmental Protection	1,166	1,131	(35)	G	(£15k) increased income made up of (£6k) part funding of Abington Park, (£2k) increased fixed penalties, (£6k) tattoo income due to convention and increase in registration fees. This has been partly offset against £6k increase in mileage claims due to the newly recruited staff. (25K) reduced salary costs due to keeping posts vacant at the beginning of the year.
	PE16	Head of Public Protection	74	80	5	G	
	SS09	Environmental Services Contract	6,298	6,298	0	G	
	SS20	Environmental Services	(143)	(141)	2	G	
	GC04	Policy	8	8	0	G	
	GC09	Community & Other Grants	1,220	1,220	0	G	
	GC10	Community Development	75	60	(15)	G	
	GC11	Community Centres	347	344	(3)	G	
	LS01	Head of Partnership Support	10	56	46	G	Agency costs have been incurred for cover for various projects in Communities and Environment.
	SS01	Neighbourhood Management	0	(5)	(5)	G	
Head of Communities and Environment			10,433	10,493	60	A	

Division	Ksa	Service Area	Revised Budget	Forecast	Forecast Variance	RAG Status	Description
	CE06	Museums and Arts	614	619	6	G	
	CS03	Head of Customer & Cultural Services	104	103	(0)	G	
	CS04	Customer Access	1,276	1,263	(13)	G	
	CS05	Print Unit	179	192	13	G	
	PI02	Information Technology	350	359	9	G	
	PI14	Telephones	36	36	0	G	
	CE03	Events	235	233	(2)	G	
	CE23	Town Centre Management	(1)	(3)	(1)	G	
	CE24	Car Parking	(1,440)	(1,429)	11	G	£148k reduced daily ticket income partly due to increased free parking uptake and partly due to reduced paying customers. The forecast also reflects the August extension of free parking £75k. £11k additional Employee costs. The potential car parking reserve drawdown of £148k is now reflected in the figures along with the £75k drawdown agreed by Cabinet for the August extension.
	CE26	Bus Station	253	254	1	G	
	FA08	Office Accommodation	1,401	1,396	(6)	G	
	FA09	Markets	54	54	(0)	G	
Head of Customer & Cultural Services			3,061	3,078	17	G	
Director of Customers and Communities			**13,773.05**	**13,837.15**	**64**	A	
Total Service Budgets			**31,920**	**31,983**	**63**	A	
		Debt Financing	1,845	1,870	25	G	Outturn on the GF debt financing budget at period 5 is forecast at £227k over budget. This is mainly due to a significant fall in available investment interest rates in recent months. £202k of the shortfall can be met from the debt financing earmarked reserve, which has been specifically set up to deal with the budgetary risks of fluctuations in interest rates. The remaining £25k overspend relates to MRP, where charges arising from the financing of the capital programme in 2012-13 are higher than budgeted. The budget will continue to be closely monitored over the coming months. The £202k potential reserve drawdown is now reflected in the figures.
		Recharges to the HRA			0	G	
		Council Tax and other funding			0	G	
		Contribution to GF Balances			0	G	
Total Corporate Budgets			**1,845**	**1,870**	**25**	G	
Total General Fund			**33,765**	**33,853**	**88**		

NORTHAMPTON BOROUGH COUNCIL

CORPORATE FINANCIAL REPORTS (CAPITAL) : (Cost Centre & Head of Service)
FINANCIAL YEAR 2013/2014
PERIOD 05 (August 2013)

GF CAPITAL

Project Code & Project Description	Approved Budget February 2013	Approved Changes In Year	Latest Approved Budgets	YTD Actual Expenditure	Forecast Year End Spend	Forecast Under(-) /Over(+)spend	Budget Carried Forward	Forecast Variance RAG	Slippage RAG
	A	B	C=A+B	D	E	F=E-C	G		
	£	£	£	£	£	£	£		
Francis Fernandes (FF1)									
BA145 - Cliftonville Move; New ways of working	0	14,767	14,767	-10,000	14,767	0	0	G	G
Total for Corporate	**0**	**14,767**	**14,767**	**-10,000**	**14,767**	**0**	**0**	G	G
BA383 - Cinepod - Royal & Derngate Theatre	0	240,216	240,216	86,479	240,216	0	0	G	G
BA647 - IT Infrastructure - PC Replacement with VDI Terminals	65,000	0	65,000	0	65,000	0	0	G	G
Total for Director of Resources	**65,000**	**240,216**	**305,216**	**86,479**	**305,216**	**0**	**0**	G	G
BA165 - COM; Document Management	0	98,071	98,071	0	98,071	0	0	G	G
BA646 - Re-furbishment of the Great Hall kitchen	0	67,895	67,895	64,240	67,895	0	0	G	G
Total for Head of Finance & Resources	**0**	**165,966**	**165,966**	**64,240**	**165,966**	**0**	**0**	G	G
Fran Rodgers (FR2)									
BK010 - Countrywide Climate Friendly Commmunities	0	46,617	46,617	43,047	46,617	0	0	G	G
BK013 - Empty Homes Programme	632,090	416,045	1,048,135	22,916	1,048,135	0	216,045	G	R
BK015 - DFG's Owner Occupiers	1,475,000	-66,677	1,408,323	1,190,222	1,408,323	0	0	G	G
BK029 - Hot Property 3	0	3,874	3,874	3,624	3,874	0	0	G	G
BK044 - GOEM Decent Homes Assistance	0	38,809	38,809	36,036	38,809	0	0	G	G
BK050 - Wrapped Up Scheme	0	24,053	24,053	31,649	24,053	0	0	G	G
BK051 - Fuel Poverty Fund County Wide	0	466,274	466,274	420,041	466,274	0	0	G	G
Total for Head of Strategic Housing	**2,107,090**	**928,995**	**3,036,085**	**1,747,534**	**3,036,085**	**0**	**216,045**	G	A
Julie Seddon (JS14)									
BA167 - I Love My Parks	0	19,222	19,222	-857	19,222	0	0	G	G
Total for Director of Customers & Communities	**0**	**19,222**	**19,222**	**-857**	**19,222**	**0**	**0**	G	G
Marion Goodman (MG3)									
BA173 - Multi-Function Devices (MFD's)	0	29,628	29,628	0	29,628	0	0	G	G
BA193 - Refurbishment - Northampton Museum and Art Gallery	0	0	0	-60	0	0	0	G	G
BA207 - IT Infrastructure - Servers and Network Storage	270,000	0	270,000	94,774	270,000	0	0	G	G
BA384 - Cultural Quarter Street & Building Signage	0	25,000	25,000	-750	25,000	0	0	G	G
BA764 - One Stop Shop, CRM	0	29,966	29,966	0	29,966	0	0	G	G
BA786 - Data Network Improvements	0	59,300	59,300	21,337	59,300	0	0	G	G
BA808 - IT Network Replacement Programme	0	11,698	11,698	158	11,698	0	0	G	G
BA893 - Microsoft Office 2010 Upgrade	0	40,000	40,000	34,577	40,000	0	0	G	G
Total for Head of Customer & Cultural Services	**270,000**	**195,592**	**465,592**	**150,036**	**465,592**	**0**	**0**	G	G
Susan Bridge (SB11)									
BA210 - Jeffrey Room Audio and Visual Improvements	0	750	750	0	750	0	0	G	G
BA645 - S106 Contributions to Other Local Authorities	0	165,000	165,000	0	165,000	0	0	G	G
BA883 - Planning IT Improvements (HPDG)	0	191,335	191,335	653	191,335	0	0	G	G
Total for Head of Planning	**0**	**357,085**	**357,085**	**653**	**357,085**	**0**	**0**	G	G
Simon Dougall (SD6)									
BA122 - Fire Safety Improvement Works	0	7,969	7,969	-6,031	7,969	0	0	G	G
BA132 - St Crispin Changing Rooms, Toilet, Car park	0	750,989	750,989	0	750,989	0	0	G	G
BA133 - St Crispin Football Pitches and Play Provision	0	192,116	192,116	126,716	152,116	-40,000	0	G	G
BA136 - Water Management Works	100,000	94,200	194,200	4,991	194,200	0	0	G	G
BA138 - Cemeteries Refurbishment Works	25,000	0	25,000	0	25,000	0	0	G	G
BA146 - Water Hygiene - Monitoring Improvements	0	82,000	82,000	0	82,000	0	0	G	G
BA169 - Northampton Skatepark	0	1,940	1,940	1,134	1,940	0	0	G	G
BA179 - Abington Park, Changing Room refurbishment	0	0	0	303	0	0	0	G	G

NORTHAMPTON BOROUGH COUNCIL

CORPORATE FINANCIAL REPORTS (CAPITAL) : (Cost Centre & Head of Service)
FINANCIAL YEAR 2013/2014
PERIOD 05 (August 2013)

GF CAPITAL

Project Code & Project Description	Approved Budget February 2013	Approved Changes In Year	Latest Approved Budgets	YTD Actual Expenditure	Forecast Year End Spend	Forecast Under(-) /Over(+)spend	Budget Carried Forward	Forecast Variance RAG	Slippage RAG
	A	B	C=A+B	D	E	F=E-C	G		
	£	£	£	£	£	£	£		
BA180 - Strategic Property Investment	0	500,000	500,000	0	500,000	0	0	G	G
BA186 - Improvement to Parks Infrastructure	150,000	27,200	177,200	37,712	177,200	0	0	G	G
BA188 - Royal and Derngate Roof Replacement Works	297,000	0	297,000	0	297,000	0	0	G	G
BA189 - Corporate Asset Improvements	200,000	0	200,000	-40,463	200,000	0	0	G	G
BA190 - Investment Properties Enhancements	50,000	84,107	134,107	56,963	134,107	0	0	G	G
BA194 - Guildhall Renewals	75,000	39,000	114,000	61,152	114,000	0	0	G	G
BA197 - Delapre Abbey Restoration Minor Projects	100,000	248,972	348,972	18,098	348,972	0	50,000	G	A
BA368 - Upton Park Pedestrian & Cycle Bridge	0	79,147	79,147	-1,237	79,147	0	0	G	G
BA385 - Town Centre Enhancements	0	77,230	77,230	92,873	77,230	0	0	G	G
BA648 - Allotments	58,000	0	58,000	0	58,000	0	0	G	G
BA649 - Skate Park Toilet & Kiosk	150,000	0	150,000	147,943	150,000	0	0	G	G
BA650 - Lifts - Improvement Works	150,000	0	150,000	0	150,000	0	0	G	G
BA651 - Car Parking Signage	200,000	0	200,000	0	200,000	0	0	G	G
BA652 - Visitor Signage in Town Centre	80,000	0	80,000	0	80,000	0	0	G	G
BA653 - Delapre Abbey Restoration	50,000	0	50,000	0	50,000	0	0	G	G
BA654 - St Lukes Field - Improvement works	0	50,000	50,000	0	50,000	0	0	G	G
BA655 - Sea Cadets Building - Refurbishment	0	13,475	13,475	13,475	13,475	0	0	G	G
BA887 - Grosvenor Greyfriars Car Park Improvement Works	0	2,689	2,689	0	2,689	0	0	G	G
BA889 - Mayorhold Car Park - Drainage Works	0	76,725	76,725	0	76,725	0	0	G	G
BA891 - Bus Interchange	1,500,000	4,456,407	5,956,407	2,706,540	5,956,407	0	0	G	G
BA892 - Urgent Lift Renewals	70,000	181,500	251,500	0	251,500	0	0	G	G
BA894 - Mounts Baths Roof	0	4,375	4,375	225	4,375	0	0	G	G
Total for Head of Regeneration and Development	**3,255,000**	**6,970,041**	**10,225,041**	**3,220,395**	**10,185,041**	**-40,000**	**50,000**	G	G
Steve Elsey (SE3)									
BA356 - Community Centres Refurbishment	50,000	0	50,000	27,804	50,000	0	0	G	G
Total for Head of Partnership Support	**50,000**	**0**	**50,000**	**27,804**	**50,000**	**0**	**0**	G	G
BA211 - Extension of Duston Cemetery	0	40,450	40,450	0	40,450	0	0	G	G
BA872 - Night Safe & Target Hardening - SSNP	0	13,825	13,825	786	13,825	0	0	G	G
BA895 - Allotment Provision	0	84,970	84,970	-2,950	84,970	0	0	G	G
BA896 - Guildhall Loft Insulation Salix project	0	0	0	-658	0	0	0	G	G
BA897 - Grosvenor Car Park T5 Lighting Upgrades	0	7,614	7,614	0	7,614	0	0	G	G
BA898 - St Michaels Car Park Led Lighting	0	17,211	17,211	0	17,211	0	0	G	G
Total for Head of Public Protection	**0**	**164,070**	**164,070**	**-2,822**	**164,070**	**0**	**0**	G	G
TOTALS	**5,747,090**	**9,055,954**	**14,803,044**	**5,283,462**	**14,763,044**	**-40,000**	**266,045**	G	G

Appendix 2

NORTHAMPTON BOROUGH COUNCIL

HOUSING REVENUE ACCOUNT
FINANCIAL YEAR 2013/2014

For Period Ending 31 August 2013

	£000s Current Budget	£000s Actuals	£000s Forecast Outturn	£000s Variance	RAG Status
INCOME					
Rents - Dwellings Only	(49,464)	(21,141)	(49,264)	200	
Rents - Non Dwellings Only	(1,091)	(518)	(1,091)	0	
Service Charges	(2,748)	(1,143)	(2,198)	550	
Other Income	(85)	(23)	(78)	7	
Total Income	**(53,388)**	**(22,825)**	**(52,631)**	**757**	R
EXPENDITURE					
Repairs and Maintenance	12,674	6,308	12,668	(6)	
General Management	5,877	1,394	5,812	(65)	
Special Services	3,580	1,723	3,431	(149)	
Rents, Rates, Taxes & Other Charges	81	0	106	25	
Increase in Bad Debt Provision	750	313	750	0	
Rent Rebate Subsidy Deductions	96	0	0	(96)	
Total Expenditure	**23,058**	**9,737**	**22,768**	**(290)**	B
Net Cost of Services	**(30,330)**	**(13,088)**	**(29,863)**	**467**	R
Net Recharges to the General Fund	4,530	1,941	4,657	128	
Interest & Financing Costs	6,047	2,530	6,073	26	
Depreciation/MRA	11,823	4,926	11,823	0	
Net Contribution (from) / to Earmarked Reserves	7,931	3,691	7,311	(620)	
Net Transfer From / (To) Working Balance	**0**	**0**	**0**	**0**	G
Working Balance b/f	(5,000)	(5,000)	(5,000)	0	
Working Balance Outturn	**(5,000)**	**(5,000)**	**(5,000)**	**0**	G

Notes on Forecast Variances

Rents - Dwellings Only
Right to Buy completions in 2013 have been greater than expected, resulting in reduced rental income.

Service Charges
Supporting People funding is being withdrawn at the end of September. This is partly offset by a reduction in staffing costs within the Wardens service (see Special Services below). Note that a reserve was prudently created in anticipation of this occurrence and is sufficient to meet the remaining net shortfall.

General Management
Vacant posts within the service have resulted in a projected saving on staff costs.

Special Services
The underspend largely relects staff savings within the Sheltered Accommodation service as a result of a restructure. This saving is partially offsetting the withdrawal of Supporting People funding (see Service Charges above).

Rents, Rates, Taxes & Other Charges
Changes in legislation are expected to increase the amount of Council Tax payable on void properties.

Rent Rebate Subsidy Deductions
Following the de-pooling of Service Charges last year, the HRA is not liable to make any contribution towards Rent Rebate expenditure.

Net Recharges to the General Fund
This overspend reflects the inclusion of internal Housing recharges that had previously been incurred as direct service expenditure.

CORPORATE FINANCIAL REPORTS (CAPITAL) : (Cost Centre & Head of Service)
FINANCIAL YEAR 2013/2014
PERIOD 05 (August 2013)

HRA CAPITAL

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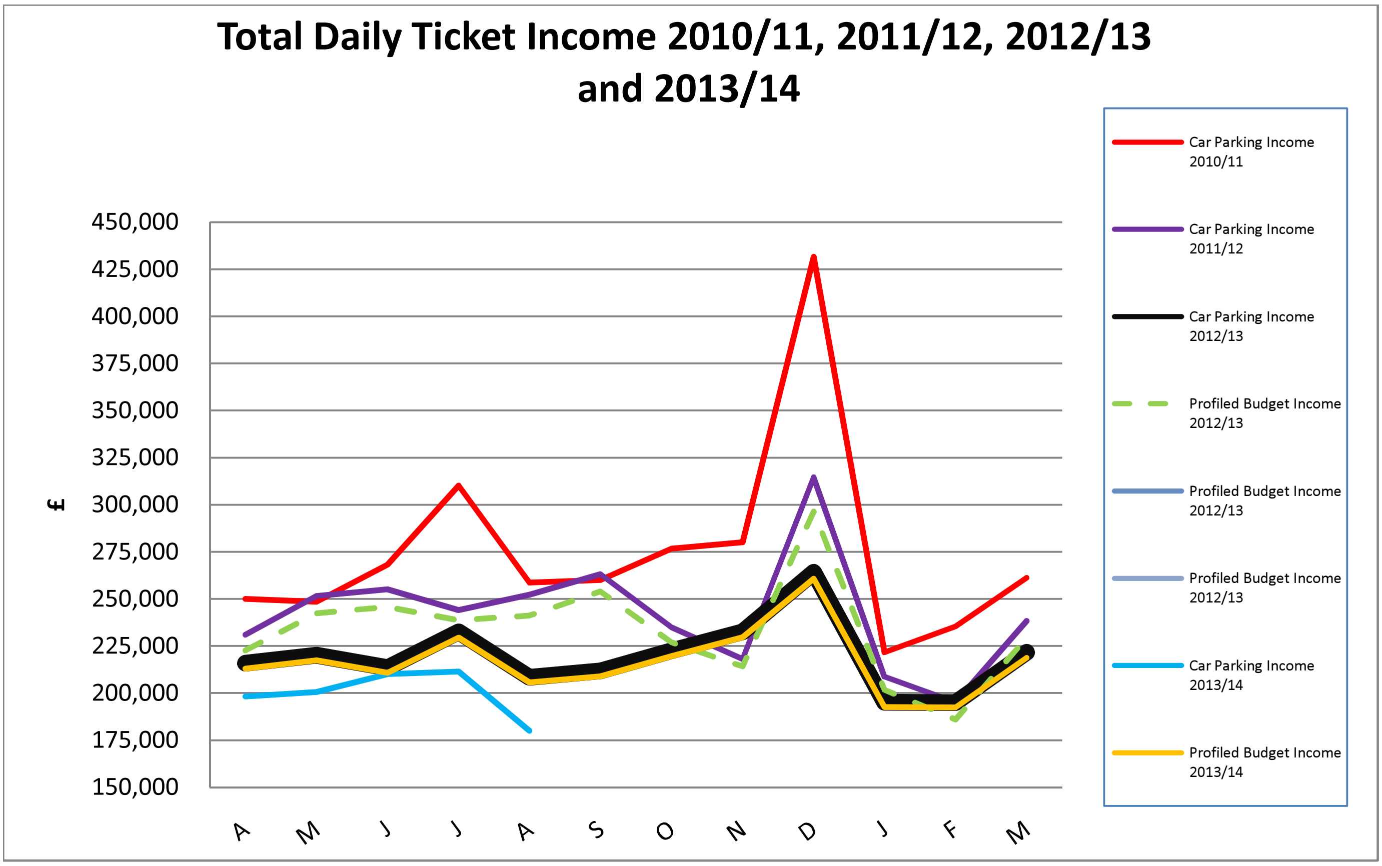
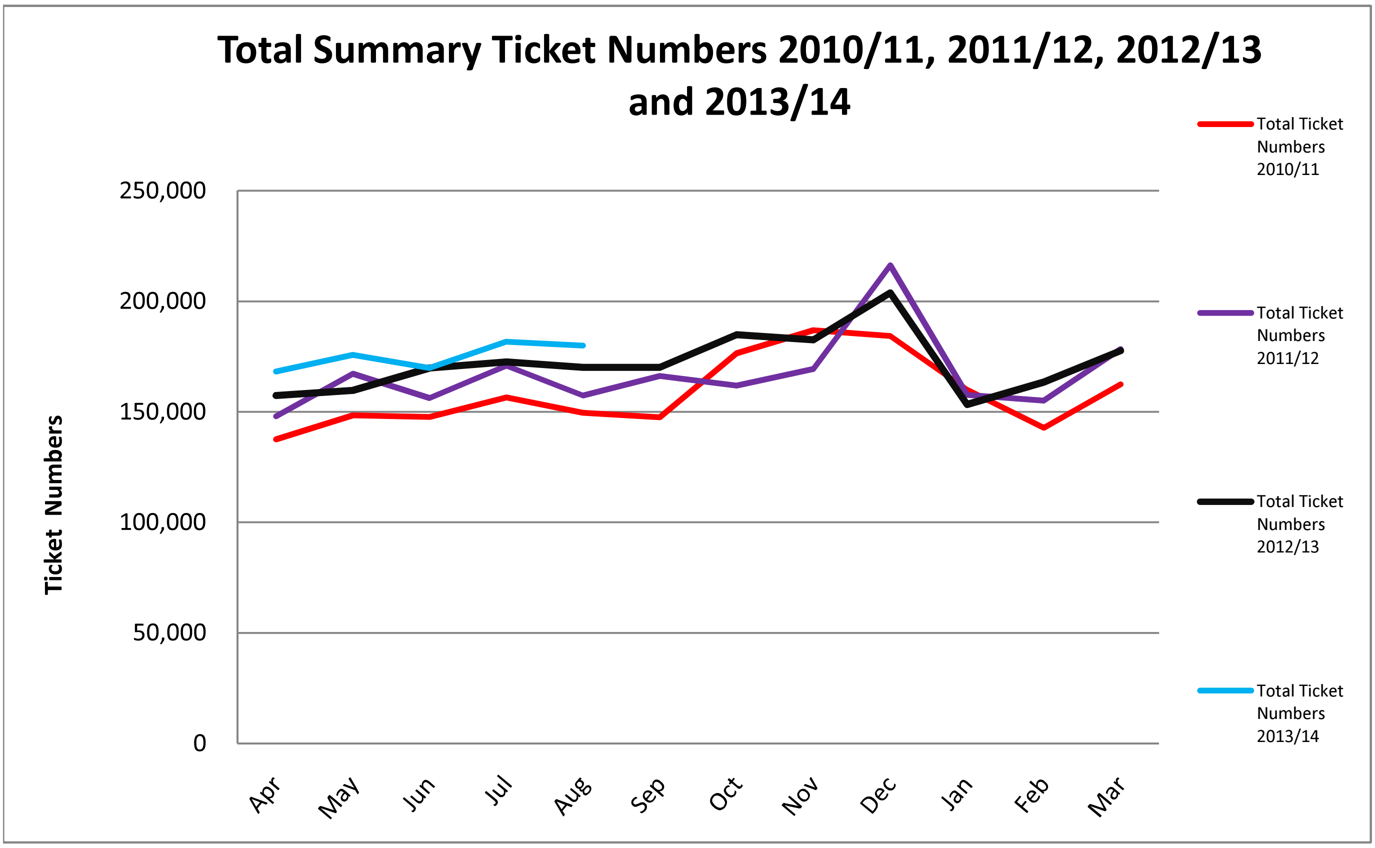
Project Code & Project Description	Approved Budget February 2013	Approved Changes In Year	Latest Approved Budgets	YTD Actual Expenditure	Forecast Year End Spend	Forecast Under(-) /Over (+)spend	Budget Carried Forward	Forecast Variance RAG	Slippage RAG
	A	B	C=A+B	D	E	F=E-C	G		
	£	£	£	£	£	£	£		
Fran Rodgers (FR2)									
BH366 - Sheltered Housing Improvements	1,000,000	650,000	1,650,000	28,525	1,650,000	0	0	G	G
BH367 - IT Capital	200,000	184,514	384,514	0	384,514	0	0	G	G
Total for Head of Strategic Housing	**1,200,000**	**834,514**	**2,034,514**	**28,525**	**2,034,514**	**0**	**0**	G	G
Head of Landlord Services (HOLS)									
BH003 - Garages Roofs & Doors Replacement	40,000	0	40,000	32,560	40,000	0	0	G	G
BH009 - Fire Safety Works - communal areas	100,000	0	100,000	25,662	100,000	0	0	G	G
BH011 - Capital Improvement Works	0	200,000	200,000	0	200,000	0	0	G	G
BH013 - Digital Aerial Upgrade	0	0	0	477	0	0	0	G	G
BH014 - Estate Regeneration	100,000	347,728	447,728	0	447,728	0	0	G	G
BH020 - Periodical Electrical Works	125,000	0	125,000	61,859	125,000	0	0	G	G
BH021 - New Communal Boilers	0	0	0	4,218	0	0	0	G	G
BH022 - Community Energy Savings Programme (CESP)	0	252,060	252,060	148,436	252,060	0	0	G	G
BH140 - Disabled Grant - Major Repairs	1,000,000	0	1,000,000	401,644	1,000,000	0	0	G	G
BH302 - Minor Adaptations for People with Disabilities	100,000	0	100,000	49,064	100,000	0	0	G	G
BH304 - Complete Roofs	100,000	551,312	651,312	521,294	651,312	0	0	G	G
BH305 - Structural Repairs	300,000	0	300,000	133,256	300,000	0	0	G	G
BH317 - Decent Homes and Poor Condition Improvement	17,752,900	0	17,752,900	5,785,754	17,752,900	0	0	G	G
BH321 - Door & Window Replacement	30,000	0	30,000	126,222	30,000	0	0	G	G
BH324 - Gas Appliance Replacement - Planned Ptnrship	500,000	0	500,000	1,334,274	500,000	0	0	G	G
BH325 - Gas Appliance Replacement - Responsive	500,000	0	500,000	4,073	500,000	0	0	G	G
BH329 - Asbestos Remedial Action	50,000	0	50,000	54,910	50,000	0	0	G	G
BH345 - Kitchen replacement	115,000	11,841	126,841	8,208	126,841	0	0	G	G
BH351 - Door Entry Updates	100,000	25,940	125,940	12,902	125,940	0	0	G	G
BH364 - Environmental enhancements to housing land	100,000	64,065	164,065	7,680	164,065	0	0	G	G
BH365 - Walkways	100,000	100,000	200,000	0	200,000	0	0	G	G
BH368 - Communal Area Upgrades	200,000	147,210	347,210	38,253	347,210	0	0	G	G
BH373 - Change of Use	100,000	0	100,000	0	100,000	0	0	G	G
BH374 - CCTV	50,000	0	50,000	0	50,000	0	0	G	G
BH375 - Lift Refurbishment St Katherines Court	100,000	0	100,000	0	100,000	0	0	G	G
BH376 - Little Cross Street Walkway Renewal	562,000	0	562,000	425	562,000	0	0	G	G
Total for Head of Landlord Services	**22,124,900**	**1,700,156**	**23,825,056**	**8,751,170**	**23,825,056**	**0**	**0**	G	G
Lesley Wearing (LW3)									
BH370 - Repurchase of Former Council Houses	1,000,000	500,000	1,500,000	302,090	1,500,000	0	0	G	G
BH371 - Off Grid to Renewable Technologies	0	82,999	82,999	55,640	82,999	0	0	G	G
BH372 - Green Deal Contribution & Energy Efficiency	50,000	0	50,000	0	50,000	0	0	G	G
Total for Director of Housing	**1,050,000**	**582,999**	**1,632,999**	**357,730**	**1,632,999**	**0**	**0**	G	G
TOTALS	**24,374,900**	**3,117,669**	**27,492,569**	**9,137,425**	**27,492,569**	**0**	**0**	G	G





Notes:

1) The volume of tickets issued to the end of period 5 was 45,946 higher than for the same period in 2012/13.
2) However, income to the end of August was £75,829 less than budgeted for the first 5 months of 2013/14.

APPENDIX 6

Managed Debt Analysis - Rolling Year 2012/13 into 2013/14

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
TOTAL ARREARS	**14,040,261**	**12,975,601**	**12,427,852**	**12,108,299**	**11,863,070**	**12,491,254**	**17,325,924**	**16,640,530**	**17,025,467**	**15,443,109**	**15,248,935**	**15,552,879**
Awaiting Action	1,003,214	577,223	691,227	680,363	837,742	521,415	641,349	602,565	538,313	805,818	723,259	686,348
Debt in Progress	13,037,047	12,398,378	11,736,625	11,427,936	11,025,327	11,969,838	16,684,575	16,037,965	16,466,850	14,637,471	14,512,216	14,866,531
% Inactive debt [PI]	**7.15%**	**4.45%**	**5.56%**	**5.62%**	**7.06%**	**4.17%**	**3.70%**	**3.62%**	**3.16%**	**5.22%**	**4.83%**	**4.41%**
CTAX	6,816,581	6,079,436	5,851,338	5,628,763	5,456,867	6,090,188	8,797,424	8,477,350	8,149,267	7,807,401	7,632,608	7,430,390
Inactive	61,718	87,926	119,645	119,590	74,444	111,528	130,826	86,370	71,102	110,975	126,796	123,521
In progress	6,754,863	5,991,510	5,731,693	5,509,173	5,382,423	5,978,660	8,666,598	8,390,980	8,078,165	7,696,426	7,505,812	7,306,869
Inactive debt	**0.09%**	**1.45%**	**2.04%**	**2.12%**	**1.36%**	**1.83%**	**1.49%**	**1.02%**	**0.87%**	**1.42%**	**1.66%**	**1.66%**
NNDR	1,190,202	1,048,011	792,303	711,325	817,539	776,782	2,691,043	2,175,195	1,650,440	1,654,550	1,562,198	1,162,504
Inactive	0	0	0	0	0	0	0	0	0	0	0	0
In progress	1,190,202	1,048,011	792,303	711,325	817,539	776,782	2,691,043	2,175,195	1,630,136	1,654,550	1,562,198	1,162,504
Inactive debt	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
FTA	1,141,274	1,087,911	1,108,105	1,083,038	817,980	814,503	924,649	887,309	883,694	912,056	908,012	886,670
Inactive	93,895	41,540	78,244	14,594	34,978	30,016	38,339	30,293	20,639	20,024	14,051	17,649
In progress	1,047,379	1,046,371	1,029,861	1,068,444	783,002	784,487	886,310	857,016	863,054	892,032	893,960	869,021
Inactive debt	**8.22%**	**3.82%**	**7.06%**	**1.35%**	**4.28%**	**3.69%**	**4.15%**	**3.41%**	**2.34%**	**2.20%**	**1.55%**	**1.99%**
HBOP	4,062,487	4,113,948	4,152,394	4,186,745	4,167,924	4,122,698	4,158,957	4,245,908	4,313,173	4,351,868	4,412,030	4,381,953
Inactive	427,157	351,527	402,007	447,019	700,472	328,701	430,087	452,654	418,400	636,779	573,531	528,023
In progress	3,635,330	3,762,421	3,750,387	3,739,726	3,467,452	3,793,997	3,728,870	3,793,254	3,894,773	3,715,089	3,838,499	3,853,930
Inactive debt	**10.51%**	**8.54%**	**9.68%**	**10.68%**	**16.81%**	**7.97%**	**10.34%**	**10.66%**	**9.70%**	**14.63%**	**13.00%**	**12.05%**
SD	829,717	646,295	523,712	498,428	602,760	687,083	753,851	854,768	2,028,893	717,234	734,087	1,691,362
Inactive	420,444	96,230	91,331	99,160	27,848	51,170	42,097	33,248	28,172	37,860	22,340	17,155
In progress	409,273	550,065	432,381	399,268	574,911	635,912	711,754	821,520	2,000,722	679,374	711,747	1,674,207
Inactive debt	**50.67%**	**14.89%**	**17.44%**	**19.89%**	**4.62%**	**7.45%**	**5.58%**	**3.89%**	**1.40%**	**5.28%**	**3.04%**	**1.01%**

- <u>Overall debt levels as at 30th September 2013</u>
  Compared to the same period last year, unmanaged debt is £632,884 less, and the outstanding arrears are £1,010,489 more. This is primarily due to four outstanding sundry debt invoices totalling over £1,000,000.

- <u>Council Tax as at 30th September 2013</u>
  Unmanaged debt is £67,467 less than the same period last year and the overall outstanding arrears are £681,928 more. This is debt that we are managing and still believe can be collected, rather than be written-off.

- <u>Business Rates as at 30th September 2013</u>
  Unmanaged debt remains unchanged. The overall outstanding arrears are £291,665 less than the same period last year.

- <u>Former Tenant Arrears as at 30th September 2013</u>
  Unmanaged debt is £69,919 less than the same period last year and the overall outstanding arrears are £214,754 less.

- <u>Housing Benefit Overpayments Payments as at 30th September 2013</u>
  Unmanaged debt is £118,567 more than the same period last year and the overall outstanding arrears are £291,838 more, due to an increase of appeals and an increase in pended overpayments, and the financial climate of trying to recover a low priority debt.

- <u>Sundry Debts as at 30th September 2013</u>
  Unmanaged debt is £614,065 less than the same period last year and the overall outstanding balance is £543,142 more. Although over £1,000,000 relates to four overdue invoices to organisations who we are in discussion for payment.

- <u>Priority Debts 30th September 2013</u>
  As a result of priority debt as defined by the Corporate Debt Policy we now have debt on hold awaiting clearance of priority debts. This is broadly broken down as FTA £8.2k, OPHB £157,5k, as at 30th September 2013. As more cases reach consideration for court action this category of debt pending other priority debt will increase.

Appendices
1

NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Internal Audit Progress Report

AGENDA STATUS: **PUBLIC**

Audit Committee Meeting Date:	4th November 2013
Policy Document:	No
Directorate:	Borough Secretary
Accountable Cabinet Member:	Councillor Alan Bottwood

1. Purpose

1.1 To provide the Audit Committee with a report summarising progress made against the Internal Audit Plan for 2013/14.

2. Recommendations

2.1 Receive the report.

3. Issues and Choices

3.1 Report Background

3.1.1 The report is produced to inform the Committee on internal audit activity in the current year up to the date of the Committee meeting.

3.2 Issues

3.2.1 As detailed in the report.

3.3 Choices (Options)

3.3.1 N/a.

4. Implications (including financial implications)

4.1 Policy

4.1.1 No implications other than enabling monitoring of internal audit reporting performance.

4.2 Resources and Risk

4.2.1 Risks may be highlighted as a result of audit issues being reported..

4.3 Legal

4.3.1 N/a.

4.4 Equality

4.4.1 N/a.

4.5 Consultees (Internal and External)

4.5.1 Borough Solicitor and Head of Finance.

4.6 Other Implications

4.6.1 N/a.

5. Background Papers

5.1 Appendices to the report

- Appendix 1 – Internal Audit Progress Report

Chris Dickens
Senior Manager
PricewterhouseCoopers LLP
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Appendix 1

Internal Audit Progress Report

Update to the Audit Committee on Internal Audit activity

Northampton Borough Council

October 2013

pwc

Introduction

We are committed to keeping the Audit Committee up to date with internal audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention matters that are relevant to your responsibilities as members of the Authority's Audit Committee.

2013/14 audit plan

We have undertaken work in accordance with the 2013/14 Internal Audit Plan which was approved by the Audit Committee at its meeting in May 2013.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At the time of this report we have completed almost 27% of the planned audit days. This is slightly ahead of where we were last year and fairly typical given that we don't often do much in Q1 because of year end accounts.

Reporting activity and progress

Final Reports

Since our previous Internal Audit Progress Report, we have issued final reports for the following reviews performed in accordance with the 2013/14 Audit Plan:

- Treasury Management
  We have classified our findings in this area as **Low Risk.**
  The overall low risk rating of this review is attributed to the identification of weaknesses in the following areas:

  - *Updating bank signatories* - 1 instance was identified where there was a delay in requesting that a former employee be removed as an authorised bank signatory.
  - *Counterparty Lending Listing* - the control has not been consistently applied in terms of printing the Counterparty Lending Listing before the investment is made to evidence sufficient headroom on investing limits.

  Overall, the department is well controlled and has an effective system of controls and procedures to address the key areas of the treasury management activities. The weaknesses identified, relating to the operating effectiveness of these procedures is something which the department should seek to address going forward in an effort to improve overall performance.

- Asset Management
  We have classified our findings in this area as **Low Risk.**
  The overall low risk rating of this review is attributed to the identification of weaknesses in the following areas:

  - *Non-operational property condition surveys* – condition surveys are not currently undertaken or monitored for non-operational properties therefore the Council has insufficient knowledge about the current condition of its non-operational assets. The relevant properties are inspected in the course of routine estate management, but comprehensive surveys have not been undertaken.
  - *Condition surveys* – the operational property condition monitoring is based on a significant proportion of older condition surveys which fail to give the Council sufficient up to date information about the condition of operational properties.
  - *Condition monitoring key performance indicator* – from the testing performed it was identified that the condition monitoring indicator (AST03) was calculated incorrectly and the reported figure does not give an accurate reflection around the performance of the department overall.

  Overall, the department is well controlled and has an effective system of controls and procedures to address the key areas of asset management activity. The weaknesses identified are mainly a result lack of resources to perform additional condition surveys. Going forward, the department should consider the most efficient way of utilising available resources and continue with the risk based approach, ensuring that existing monitoring and key performance indicators are updated to reflect the change in working practices.

- Collection Fund
  We have classified our findings in this area as **Low Risk.**
  The overall low risk rating of this review is attributed to the identification of weaknesses in the following area:

  - *Discounts* – instances have been identified where there is no evidence or notes to support the application of a Council Tax discounts.

- *Single person discount evidence* - the Council has not yet implemented any method of validating single person discount applications (issue re-raised from prior year).
- *Consortium contract costs* – No breakdown has been provided to enable NBC to reconcile the invoice and substantiate the amount requested by Wellingborough Council. At the time of performing the audit this invoice had not been paid as NBC sought to substantiate the value (issue re-raised from prior year).

Northampton Borough Council has since given notice on their Business Rate partnership arrangement with Wellingborough.

- Debt Recovery

  We have classified our findings in this area as **Low Risk.**
  No issues have been identified relating to the design or operating effectiveness of key controls in the following areas:

  - *Governance, monitoring and reporting*
  - *Debt recovery processes*
  - *Write offs*

  The Debt Recovery Team operates in a well controlled environment with a comprehensive system of controls and processes in place to maximise the recovery of Northampton Borough Council's income. Improvements have been made from last year with regards to how the Debt Recovery Team operates and all the prior year recommendations have been implemented.

Work in progress

Draft reports have been issued / are being prepared for the following areas:

- Budgetary Control
- Delapre Park Concerts

Fieldwork has also been planned in the following areas:

- Environmental Services
- Housing Allocations – timing of the review is subject to full implantation of

Audit recommendation follow-up

The build of the audit recommendation tracking system ("TrAction") has been completed and all recommendations relating to 2012/13 internal audit reports have been uploaded. The next step is to identify owners responsible for completing the actions, and make arrangements for follow up in those areas that have transitioned to LGSS.

Changes to the 2013/14 plan

The audit plan was approved by the Management Board in September 2013. No significant changes were made to the plan.

Empty Homes Programme

We have been asked by management to undertake some fact finding work in relation to the Empty Homes Programme. This work is in addition to the audit plan approved by the Committee and we have agreed with management that 25 days will be added to the original audit plan.

Work commenced on 26th September and is currently in progress.

Decent Homes

In October 2013 we were asked by management to review and provide a report on the "Annual Statement of Grant Usage" for the Decent Homes Backlog Funding Grant from the HCA. This work was performed under a separate Terms of Engagement, outside the Annual Internal Audit Plan.

Audit areas that have moved to LGSS

A number of areas (listed below) identified for internal audit review in the original annual audit plan have now transitioned to LGSS. Whilst NBC still requires assurance over the adequacy and / or effectiveness of governance, risk management, and internal control in these areas, consideration is to be given to the most effective way to achieve this assurance going forward.

We have commenced discussions with the Head of Internal Audit for the LGSS on the most effective means of auditing these areas to provide NBC with the required level of assurance. We anticipate transitioning to a model of "third party assurance" over time. Audit scoping work for these areas has not yet commenced.

- General Ledger
- Debtors
- Creditors
- Payroll
- Cash
- Fixed Assets
- Finance – Agresso IT General Computer Controls review
- Expenses
- Insurance claims

Housing Rents

Following our scoping meeting with the Head of Landlord Services, we understand that a restructure is underway in the department, including recruitment of a new team and changes to reporting lines. As such we have proposed that the current year internal audit review take the form of data assurance work to provide insight into the accuracy and completeness of housing rents. Working with IT, the data can be analysed to compare actual rents charged to target rents, exceptions reported, and management can then take appropriate action to follow up.

Appendix 1 – Plan Progress

Ref	Auditable Unit	Planned audit days	Actual audit days to date	Status update
A	**Cross-cutting**			
	Risk Management	8		
	Business Continuity	10		
	Governance	10		
	Corporate Fraud	8		
	Procurement	10		
	Treasury Management	5	5	Final report issued
	Budgetary Control	8	8	Field work completed
	Insurance claims	8		
	General Ledger	7		
	Debtors	7		
	Creditors	6		
	Payroll	6		
	Cash	6		
	Creditors (IBS)	7		
	Fixed Assets	8		
	Expenses	5		
	Housing Benefits	8		
	Debt Recovery	5	5	Final report issued
	Collection Fund	7	7	Final report issued
	Housing Rents	8	1	Scoping meeting held, data assurance work proposed.
Total		**147**	**26**	
B	**Departmental**			
	Human Resources – *Sickness and absence*	8		
	Finance – *IT GCC review*	10		
	Landlord Services – *Travis Perkins*	15		
	Strategic Housing – *Housing allocations*	8	1	Scope of work agreed – timing of work to be advised upon completion of document scanning following the introduction of the EDRMS.
	Planning	8		Scoping meeting scheduled for 7 November

	ICT Operations/ Business Development – *Bring your own devices*	14	14	Final report issued
	Environmental Services	15	1	Scope of work agreed
	Regeneration and Development - *Regeneration project*	15		Scoping meeting scheduled for 7 November
	Asset management	7	7	Final report issued
	Town Centre Management – *Car Parking*	10	9	Original field work complete. Update to include 13/14 performance prior to issuing report.
	Culture and Leisure – *Delapre Park concerts*	8	7	Field work complete
Total		**118**	**39**	
VE	**Value Enhancement**			
	Post LGSS reviews	30		
	*Empty Homes Programme	25	18	Fieldwork in progress
Total		**55**	**18**	
PM	**Project Management/Other**			
	PwC tracker	-	-	Tracker database build has been completed and reports uploaded. Next steps to identify owners (post LGSS transition) responsible for completing the actions and for them to update.
	Project management	20	8	On-going
Total		**20**	**8**	
TOTAL PLANNED / ACTUAL DAYS *additional to original plan of 315 days		**340**	**91**	

Appendix 2 – Recent PwC Publications

As part of our regular reporting to you, we plan to keep you up to date with the emerging thought leadership we publish. The PricewaterhouseCoopers Public Sector Research Centre ('PSRC') produces a range of research and is a leading centre for insights, opinion and research on best practice in government and the public sector.

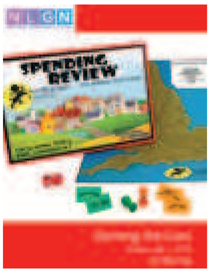
All publications can be read in full at ***www.psrc.pwc.com/***

Future of Government

This PwC publication explains why Government and public sector organisations world-wide must adjust to the new reality of 'doing more for less' (or 'doing less for less') and focus on the outcomes society needs and wants.

The Local State We're In PwC's annual local government survey, 2013

This PwC publication finds that UK local authorities have once again successfully delivered against an ambitious programme of financial savings over the last year without impacting the quality or quantity of services. But the survey points to nervousness about meeting rising demands for services and protecting the frontline in future in the face of further public spending cuts.



Gaming the Cuts: Local government in 2018

Local authority decision makers in the UK are attempting to bridge a widening financial gap. Against this backdrop this report sets out the potential implications of future spending reviews out to 2018. The purpose is not to add more detail to an already fatalistic picture but to recommend new policies and approaches that can be applied to future fiscal challenges.

At risk? Dealing with failure

No government wants a provider of public services to fail. But as public services are opened up to more competitive pressures, it is likely that under performance will no longer be hidden and provider failure will then appear to occur more frequently.

Opening out? New approaches to service delivery

The UK Government has committed to opening up public services to a diverse range of providers competing to offer a better service for users. But why is opening up public services to new providers such a priority? Does a new market for 'public service partnerships' exist yet? Here we discuss the implications for the partnership models needed to deliver public services.