

NORTHAMPTON BOROUGH COUNCIL



COUNCIL

Monday, 8 December 2008

YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON MONDAY 8TH DECEMBER 2008 AT SIX THIRTY O'CLOCK IN THE EVENING WHEN THE FOLLOWING BUSINESS IS PROPOSED TO BE TRANSACTED:-

1. DECLARATIONS OF INTEREST

2. MINUTES.

To approve the minutes of the proceedings of the Meeting of the Council held on 27th October 2008.

3. APOLOGIES.

4. MAYOR'S ANNOUNCEMENTS.

5. PUBLIC COMMENTS AND PETITIONS

6. MEMBER AND PUBLIC QUESTION TIME

7. CABINET MEMBER PRESENTATIONS

8. OPPOSITION GROUP BUSINESS

Councillor Keith Davies to make a statement on Housing Performance

9. PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2008/09 TO 2010/11

Report of Director of Finance and Support

10. INVESTMENT STRATEGY UPDATE

Report of Director of Finance and Support

11. CITIZENS AWARDS SCHEME

Report of Borough Solicitor

12. NOTICES OF MOTION

(A) Councillor Malpas to move and Councillor Flavell to second the following motion:-

“Under the Fixed Penalty Offences Order 1999 (in combination with the provisions of the Road Traffic Act 1988), the wilful riding of a bicycle on a public footpath is an offence that can result in a fine of £30.

As well as the obvious dangers, studies have shown that pavement cycling is intimidating to pedestrians, and that fear of injury can in certain circumstances discourage them from freely using our public spaces.

This Council recognises the efforts of Northamptonshire Police to tackle this problem, and praises the success of Operation Push.

This Council resolves to do everything in its power to help Northamptonshire Police stamp out this illegal and anti social behaviour and instructs cabinet to investigate initiatives that will help educate cyclists and the public, and improve appropriate signage.”

(B) Councillor Palethorpe to move and Councillor Larratt to second the following motion:-

“This council notes the recent announcement of a £1.5m loss in parking income, and news that 86 businesses have left the town centre since 2007. This confirms fears that town centre trade is in decline.

In the current financial climate local business ratepayers have every right to expect assistance from the Borough Council, and this authority has a responsibility to do everything within its power to help local companies, especially local retailers, by proactively attracting shoppers to the town.

It is inevitable that the current town centre parking price structure is discouraging shoppers from visiting Northampton and has also served to encourage motorists to park in side streets, causing congestion and inconveniencing residents.

This council calls upon the cabinet to:

- 1 Take urgent action to provide advantageous parking charges for shoppers in the run up to Christmas; and
- 2 Initiate a complete review of car parking charges throughout the borough, with a view to attracting visitors to the town, especially shoppers, and stimulating town centre trade.”

13. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE MAYOR IS OF THE OPINION SHOULD BE CONSIDERED.

The Guildhall
Northampton
28 November 2008

D. Kennedy Chief Executive

Council
Monday 8th December 2008

Portfolio Holder Presentations

1. Report of the Leader of the Council, Portfolio Holder for Partnerships and Improvement (Page 1)
2. Report of the Portfolio Holder for Community Engagement & Safety (Page 3)
3. Report of the Portfolio Holder for Housing (Page 5)
4. Report of the Portfolio Holder for Environment (Page 7)
5. Report of the Portfolio Holder for Regeneration (Page 9)
6. Report of the Portfolio Holder for Performance (Page 11)
7. Report of the Portfolio Holder for Finance (Page 13)



Portfolio Holder Report for Partnerships & Improvement

Northampton Borough Council

Monday 8th December 2008

Management Restructure

Julie Seddon has accepted the post of Director of Environment and Culture. Julie is currently with Staffordshire Connects and expects to take up her post at the start of March 2009.

Cara Boden has accepted the post of Assistant Chief Executive. Cara is currently with Bedfordshire County Council and also expects to start with NBC early in 2009.

Meeting with Phil Hope MP – Regional Minister for the East Midlands

The Chief Executive and I met the East Midlands regional minister at his office in London on 19th November to discuss issues relating to the regeneration and growth of Northampton and to the challenges of the current economic situation.

Now the performance of the Borough Council is improving and we are better equipped to participate positively in partnership working we wanted an opportunity to discuss how the Borough Council could work with government and others to help support citizens and local businesses in difficult economic times while progressing the regeneration of Northampton. We discussed a number of options including bringing forward capital projects to enable private sector led development once the economy starts to improve.

We discussed the implications of the Sub National Review of economic development and regeneration. We believe that Northampton, as the fourth largest (soon to be third largest) city in the East Midlands and the largest town in the Milton Keynes South Midlands growth area, needs to have a place on the Local Leader's Forum proposed to help shape future regional strategy. Currently, Northampton is not guaranteed a place on this forum and Northamptonshire as a whole is only proposed to have 2 seats as against 3 for Nottinghamshire, Leicestershire and Derbyshire, with 2 for Lincolnshire and 1 for Rutland. If Northampton is denied a place we can expect the current trend where regional resources are disproportionately allocated to "the three cities" and the core area of the region to the disadvantage of Northampton and Northamptonshire to continue unabated.

We also discussed the pressures that the current recession is placing on the Borough Council. In particular, I pointed out that the local council is often one of the first places that people in difficulties turn for help and advice and, in the current economic circumstances we need to be gearing up to meet this challenge.

Provisional Local Government Finance Settlement 2009-10

We have now had confirmation that our grant will increase by 0.53% in 2009-10. This is very slightly below expectations given in the government's announcement of a three-year settlement period in late 2007 as a result of the Comprehensive Spending Review 2007.

While in line with expectations this settlement does nothing to correct the gross error in population figures being used by government in determining our grant. Government grant for 2008/9 is proposed to be based on a population estimate of 197,500 while Northampton's population was estimated by the Government's Office for National Statistics as being 202,800, rising to over 210,000 by 2011. I estimate that in 2009, the population figures used to decide the grant to this Borough Council will be nearly 6% below the real figures. This is a disgrace and I will be seeking a meeting with Ministers to discuss our financial situation.

This under-funding, together with the budget pressures reported previously, mean that we will need to focus on key priorities in the next financial year. There will be hard choices to be made in February.

Our main priorities need to be: -

- Assuring the Council's improvement journey continues and delivers for customers
- Protecting Northampton against the worsening impact of economic conditions, with emphasis on:
 - Maintaining the economic vitality of the town centre
 - Assisting those most vulnerable in the recession
- Securing the regeneration of Northampton

The Portfolio holder for Housing will report on the fantastic news that this Council has been chosen to fast-track various initiatives to help people vulnerable to the recession. We hope and intend to do even more.

Public Service Board

The Northamptonshire Partnership Board (the Public Service Board) met on 24th November. A key item for discussion was the application of £2.5M of funding from the East Midlands Efficiency and Improvement Partnership delegated to Northamptonshire.

Following a rigorous process seventeen projects have been identified to be undertaken over the next three years. These focus on capacity building, partnership working and procurement improvements. This Council's officers are leading large parts of this agenda.

West Northamptonshire Development Corporation

A new Chair, John Markham OBE, will take up his appointment on 1st December. Richard Church and I have had one to one meetings with John Markham. He has a clear view of where he wants to take the WNDC – which will be towards a more co-operative organisation working more closely with local authorities and focused clearly on delivering regeneration and growth.

Tony Woods

Leader of the Council

Portfolio Holder for Partnerships & Improvement



Portfolio Holder Report for Community Engagement & Safety

Northampton Borough Council

Monday 8th December 2008

Anti-social behaviour

Northampton Borough Council continues to work well in partnership with Northants County Council and Northants Police Authority to tackle anti-social behaviour in an effective, intelligence-led way.

Since November 2007, the Northampton Anti-social Behaviour Unit has been monitoring breaches of Anti-social Behaviour Orders (ASBOs) and Criminal Anti-social Behaviour Orders (CRASBOs) across the town. By pooling the expertise of local government and law-enforcement officers, Northampton's Custody Watch is able to keep records of every offender in Northampton. While it remains the role of Police to pursue prosecutions following breaches, this council maintains a vital role in reducing disorder on our streets through this unit's partnership working.

The following figures show significant successes around crime prevention when taken in the context of persistent offenders, who comprise the bulk of breaches to behaviour orders:

- 53 – current number of ASBO/CRASBOs in operation within the Borough boundaries.
- 38 – breaches recorded since November 2007.
- 33 – number of breaches now being proceeded against.
- 13 – number of offenders who subsequently breach their order.
- 8 – number of offenders responsible for no more than one breach

Notably, only 24% of breaches were committed by individual offenders; the remaining 76% were committed by five persistent offenders.

Culture and Leisure Services

The new Directorate of Environment and Culture is determined to promote the best in affordable leisure facilities whilst ensuring good value for the taxpayer Pound. The Directorate has undertaken the following audits against 'Quest' criteria:

- Lings Forum and Cinema – 19th November 2008
- Mounts Baths – 24th November 2008

Danes Camp has also been nominated as a finalist for the Association of Public Sector Excellence (APSE) Awards' for the 'Most Improved Data Performance' category.

This month, Leisure Services is being audited against Chartermark (Customer Service Excellence) criteria; we will keep councillors informed once this has been completed.

Northampton Sports and Play Development Team

The Borough Council's Play Rangers provided a range of play opportunities for 4-16 year olds in Abington Park and the Racecourse for the first time in October half term. More than one hundred children benefited from these activities over three days.

Last month marked the successful launch of the Eastfield and Spencer Sport and Physical Activity Project, involving the Mayor, at events at Eastfield Primary School and Earl Spencer Primary School. The group organised its first activities in half term, encouraging 8-15 year olds to really get into sport. Our thanks go to Northampton Casuals Rugby Club, Northampton Soccer Stars, St Crispens & Ryelands Cricket Club and Northampton Saints Hockey Club who all supported the initiative. We hope to work with these and other clubs in the future to make sure facilities are accessible to every child in Northampton.

The Northampton Street Football Project held a three-day festival at Lings Forum, also in half term, involving over 130 young people from 8-18. The festival generated a great deal of media attention, from BBC Northampton Radio, BBC 'Look East' and the Chronicle & Echo.

Events, Museums And Arts

The Events Team supported the Town Centre Partnership's Christmas Parade on 22nd November 2008. Despite the adverse press attention – now also an annual event – this year's decorations have proved more attractive – and more visible – than either of the two previous years.

Following successful productions so far, the Royal & Derngate continues to promote its Christmas Pantomime. Councillors would do well to remember that without this council, such an enjoyable attraction for our town would be impossible.

Creative Apprenticeship

Northampton's Museums Service has been successful in its bid to host a Creative Apprentice. Part of a national scheme, this will provide a comprehensive apprenticeship for a young person to gain practical experience of working in heritage and the arts.

Museums

A PC has been installed in the Osbourne Robinson Gallery, providing information and internet access for customers. This machine serves the dual purpose of allowing staff to maintain valuable audience data.

The Northampton Museum now has a Flic-R presence on-line, making quality photos of Northampton available to web-users across the globe. The Museum's 'photostream' currently includes images of the Northamptonshire Regiment, the Shoe Museum and contemporary 'Street Life'. Despite not having been widely publicised, these pictures have already seen 571 unique 'hits'.

Brendan Glynnane

Portfolio Holder for Community Engagement & Safety



Portfolio Holder Report for Housing

Northampton Borough Council

Monday 8th December 2008

1. Background

The Borough's new Director of Housing, Lesley Wearing, started work on 3rd November. We are currently in the process of recruiting to remaining senior posts.

Tenants Survey 2008

This council is required to carry out a biennial tenants' survey asking residents their views of the services we provide. This survey is well under way and the number of surveys returned, very encouraging. The findings will be available from March 2009 and will form the basis of our plans to tackle the issues that matter most to tenants.

2. Performance

The Sheltered Housing service was recently awarded level "B" by Supporting People under the quality assessment framework. This marks a real improvement in performance, soon after the implementation of the new management structure. We are, of course, aiming to achieve level "A" next time round.

The Call Care Service has now passed Part 2 of the Telecare Services' Association (TSA) accreditation scheme, having passed Part 1 in May. This too is a 'sign of the times' that customers and residents are feeling the benefits of changes under the direction of this council.

Congratulations should go to all the staff in our Housing Needs service. It is their hard work that improves the lives of families using our services.

Choice Based Lettings has been in operation since July. Since then we have seen 16,170 bids for 588 properties, meaning both demand and satisfaction for our homes remain high.

So-called 'voids' performance has dipped slightly since Choice Based Lettings was introduced, but this is because we have been able to let empty properties using Choice Based Lettings.

As might be expected, we have seen a reduction in affordable homes' delivery with the credit squeeze. We are, as a council, ahead of the curve in working up solutions to help families facing homelessness at this difficult time.

This council is on course to better its targets to get more privately owned empty homes into use.

As ever, our main challenges are quick turn-around-times for filling empty homes and for collecting rent arrears. With our new team almost in place, we are looking to find new answers to these questions.

Housing Asset Management Strategy

On 30th October, Cabinet approved its Housing Asset Management Strategy to redevelop previously overlooked parts of the town, including Eastfield, Bellinge, Thorplands and Blackthorns. Cabinet has now submitted a formal 'expression of interest' to the government which, if successful, would see an unprecedented £167 million coming to these areas – something this council has not been able to achieve in the past.

As I advised at our last meeting, the 2005 Housing Options Appraisal now needs to be updated; Cabinet has set up an Advisory Panel of members which will report back in the New Year. The panel's first meeting was on 24th November. This group will set out the options for a further third of the Borough's homes, to be renewed in the next three years.

3. Partnership Working

A steering group was set up to co-ordinate the council's response to the credit crunch and make sure we prevent families from losing their homes. Three sub-groups have now been formed to look at employment, housing finance and the supply of homes. We are working with several community groups, including Citizens' Advice Bureau, Job centre Plus and Connexions, as well as Registered Social Landlords (RSLs) to make sure we reach out to residents in their hour of need.

In particular, we are looking at ways to keep families in their homes through practical measures like mortgage rescue schemes, which would allow us to share the difficulties of homeownership with families at an uncertain time. In the spirit of partnership working, we are working with councils of every size, shape and persuasion to ensure we strike the right balance between risk and security for the Borough's hard-working homeowners.

Tenant's Mortgage Rescue Scheme ***

In January, DCLG will hold a regional event aimed at tackling homelessness for councils in the East Midlands. Cabinet will continue to work with its partners in the region and in government to improve this council's performance and restore its reputation.

Pay and Productivity

Since the Audit Commission's report of Property Maintenance services in February 2007, we worked tirelessly with the Association of Public Service Excellence (APSE) to instil a new culture among our staff, which marries considerations for efficiency with the very best of public sector values.

We have now concluded a 'Pay and Productivity' deal with our tradesmen; and our thanks go to APSE, and the Trades Unions, including UCATT, UNITE, UNISON and GMB, who helped make this happen. With these key stakeholders now in agreement, every home in our care can be repaired quickly and efficiently. This is also another decisive break with the past.

Sally Beardsworth

Portfolio Holder for Housing



Portfolio Holder Report for the Environment

Northampton Borough Council

Monday 8th December 2008

Carbon Management

Northampton Borough Council graduated from Phase 5 of the Local Authority Carbon Management Programme (LACM), accredited by the Carbon Trust.

This success reflects the Borough Council's commitment to best practice in environmental services and to a low-carbon future for Northampton. Both the Carbon Trust and the Energy Saving Trust are now supporting the Borough's efforts to pursue a programme for better carbon management under the LACM Strategy and Implementation Plan.

The Borough has now received the first of three payments from Salix for carbon management projects, set out in previous reports. These projects will soon be under way.

Following an internal recruitment drive for 'Save It' campaigners among council staff, we now have 47 advocates, in-house, informed and enthused about 'greening' the Borough's internal operations.

The Borough's Green Office Guide proposal is progressing well. Once developed, it will provide a focus for our campaigners to use in driving forward the delivery of really greener council services.

The Borough's Eco-Champion Award Scheme recognises individuals' contributions to greening council services. We now have eight eco-champions and hope to have more shortly.

Food/Health and Safety

On 17th November, the Borough played a leading role, working in partnership with Anglian Water and neighbouring local authorities in launching an innovative scheme to recycle commercial waste from restaurants. As a result of this joint venture between business and local councils, recyclable waste from fats, oils and grease can now be collected from participating businesses free-of-charge and turned into bio diesel. This will mean fewer blocked drains, cleaner sewage works and lower cost utility bills. This was launched in Northampton ahead of a national initiative to encourage businesses to be smarter about the waste they create.

Construction Services

The Borough has successfully begun work on the following projects:

- Drainage at Abington Park – pipes have been laid to stop spring water flooding the rose garden.
- Drainage to the football pitches at Gate Lodge Close, Round Spinney – a system has been put in place to prevent flooding of business premises nearby.

- A footpath in Dallington Cemetery is now in place to facilitate pedestrian access to the cemetery's new burial area.
- Following the recent Britain in Bloom competition, the Borough has started to refurbish seats in the town centre, including 15 hexagonal seats in Abington St and 35 benches around All Saints, Mercers Row and The Drapery.

Street Scene

- An overgrown area of Pleydell Road Allotments has now been cleared, giving the community an extra 38 plots. 32 of these have already been let.
- Winter bedding has been planted across the town, including winter baskets in the town centre for the first time in years.
- A £50,000 'Playbuilder' fund has been awarded for play equipment to be installed at Eastfield Park. The Borough is currently working with residents to ensure its location and specification meet the community's needs.
- Work has also started on the new memorial rose garden in Abington Park. Our thanks go to the Mayor for turning the first spade of soil – our dedicated team are now filling in the rest.

Domestic Waste & Recycling

- Assisted collection leaflets are available at the One Stop Shop. Take up of the scheme is proving immensely popular.
- The Borough's 2009 Recycling Calendar is now being sent out to residents, keeping them up-to-date about collection times over Christmas and the New Year.

Trini Crake

Portfolio Holder for the Environment



Portfolio Holder Report for Planning & Regeneration

Northampton Borough Council

Monday 8th December 2008

Market Square

A key priority for the coming months is the delivery of improvements to the Market Square. We expect changes to the layout and new covers for stalls to be completed by April 2009. Under this council's improvement plans, all market traders will retain their spaces, with further spaces available subject to demand.

In spite of the usual pronouncements in the press – including from members of this council – we remain confident that these changes will, for the first time in a long time, recapture the Market Square's sense of purpose as a civic space and provide a welcome focus for public entertainment in the town centre at evenings and weekends. A second phase of improvements will be completed next Autumn; this will include a new seating area and canopies for food stalls.

Gold Street

West Northants Development Corporation (WNDC) and Northants County Council have now announced that the public realm improvements will begin in Gold Street in January. This work will not interfere with Christmas trade and will at last prove a welcome improvement for the town centre's shoppers.

Grosvenor/Greyfriars

Negotiations with Legal & General to secure a development agreement for the expansion of the Grosvenor Centre and redevelopment of the Greyfriars Bus station continue despite unprecedented economic problems.

We are working with other partners to secure the public investment necessary to replace the bus station with a better transport facility. A new transport hub in the town centre would see still more investment in Northampton and help create jobs across the construction, retail and service industries.

Becketts Park

A report on the Becketts Park Masterplan will be considered by Cabinet in the New Year. In the meantime, we will consult on plans to install a new 5-a-side football pitch in lieu of the discarded bowling greens. If approved, the plans would also remove fences and shrubs to improve visibility throughout the park.

Townscape Heritage Initiative

We have applied for Heritage Lottery funding to support a Northampton Townscape Heritage Initiative to implement architectural work to buildings in the All Saints Conservation Area. Such a measure would be a welcome extra investment for the Market Square and Gold Street and draw more visitors to Northampton in the future.

4. Joint Planning Unit

The appointment of an interim Head of the Joint Planning Unit (JPU) has provided a new impetus to the JPU to deliver its Core Strategy for West Northants. This new structure to deliver the Local Development Scheme together with the budget required for the next three years will be presented to the Joint Planning Committee on the 16th December 2008. I will keep Council informed on the JPU's work programme.

Richard Church

Portfolio Holder for Planning & Regeneration



Portfolio Holder Report for Performance

Northampton Borough Council

Monday 8th December 2008

Performance Reporting

Monthly and quarterly performance reports to Cabinet have been in place since May 2007. Following the successful application of the Performance Plus framework to our Regeneration service last year, we are looking to support the Borough's performance and risk management systems using Performance Plus to ensure we achieve better value for money across our services. To support the 2009/10 planning process, a corporate approach to service planning has been established; every service area will receive the training necessary to support this in the next three months.

ICT

The Borough's website provides a first port-of-call for council services for residents across the town. A development group has now been established to drive forward improvements to our online facilities and make sure the information we provide is clear and accessible to everyone.

Further work continues on the use of our Customer Relationship Manager (CRM) system, including analysis for the implementation of a new 'change of circumstance' facility. Once implemented, this change will provide customers with a single procedure to simplify the process of notification for changes of name, address, employment status and the like to services across this council. As ever, this council continues to review its procedures to make them quicker and more customer-friendly.

The PC replacement programme is progressing well, replacing many of the council's older machines. Some computers have already been donated to local charities, and others, to groups in Malawi via the Northampton Rotary Club. Our thanks go to the local Rotary Club branch for help making this possible.

Customer Service Operations

Throughout National Customer Services Week (6-10th October 2008) customer exit surveys were undertaken; customer feedback was high, with 97% reporting a positive experience from our services.

Results from the One Stop Shop were lower – though still good – with 80% reporting a positive experience. These results will be incorporated into the Customer Services Strategy and action taken to address the areas of concern to our customers.

Human Resources

Senior Management Restructuring is nearly complete. Most vacancies at senior level have now been filled and we hope to have a complement of top staff in place in the New Year. We continue to review how best to attract high calibre candidates for all our posts.

The Borough's Pay and Grading project has now begun. The aim of the project is to implement a fair pay scheme for our staff. This is a project local authorities from across the country will have to implement. We will complete our project by April 2009.

Legal Services

Legal Services are working towards compliance with the Lexcel quality standard, approved by the Law Society of England and Wales. The formal Lexcel Assessment Inspection took place on 2nd and 3rd December 2008, which we will report back on in due course.

Electoral Registration

The annual canvass of the Electoral Register is moving into its final stage with a team of canvassers due to visit addresses from which no response has been received. This will help ensure that everyone eligible to vote has been invited to register, in advance of County and European elections in June 2009.

Licensing

Licensing was involved with multi-agency checks of private hire and Hackney carriages on 17th October 2008. 26% of vehicles were found to be un-roadworthy, with a further 70% found to have more minor faults. Two subsequent operations in November resulted in six private hire drivers having their licenses suspended or receiving cautions. This programme of checks have resulted in a decline in the number of offences committed and has reinforced the standard set by the Borough's Licensing Committee for these vehicles.

Information Management

The revised Publication Scheme under section 19 of the Freedom of Information Act 2000 is on tonight's council agenda. Freedom of Information requests continue to prove popular this year – not least with opposition members of this council – requiring more of the council's resources. Again, as members of this council will be able to testify, the Borough ensures that all requests are responded to within 20 working days.

Brian Hoare

Portfolio Holder for Performance



Portfolio Holder Report for Finance

Northampton Borough Council

Monday 8th December 2008

Finance

The focus of our finance team has been on preparing the budget 2009/10 – 2011/12. A draft consultation budget will be presented to Cabinet on 22nd December. Financial statements will reflect the Borough's new management structure, implemented on 1st October 2008, from the financial position to the 31st October (Period 7).

Members' training sessions on local government finance were held in November, with 19 members attending. Many thanks to our team for preparing these and for their clear explanations of local government finance today. I would encourage all members to attend future sessions, not least those with pretensions about the state of our projections for next year.

Assets

We continue to work with English Partnerships to deliver community facilities at Upton. We are also working in partnership with Ability Northants to ensure that the new Shopmobility facility in the Mayorhold meets their standards.

We have obtained significant business rate refunds in respect of council-owned property in the last two months. The total sum recovered to date exceeds our budget forecasts and will help to improve the overall budget outturn for Asset Management in 2008/9.

Procurement Service

The Northamptonshire Area Procurement Service (NAPS) was set up on 3rd November with its Head of Service based here at the Borough. Following 'meet and greet' introductions in Northampton, more sessions have been carried out in Corby and Daventry. Initial proposals have been put forward for the interim structures for both NAPS and the Borough's own procurement teams. Seconded inputs from some of the consortium members have also been identified.

An early proposal has been submitted to all consortium partners to sign up for a flexible procurement strategy to purchase gas and electricity at the largest sites. It has been identified that this could save the borough council about £58,000 per annum from September 2009 and is currently being taken forward with our energy procurement advisors.

Seven funding bids for procurement projects have passed initial scrutiny from the sub-regional funding board on behalf of EMIEP (East Midlands Improvement & Efficiency Partnership). The bids have now approved at the Public Services Board releasing £1.6m worth of savings across Northamptonshire authorities.

Early priorities for NAPS include office building maintenance and telephony contracts but initial emphasis will be centred on data collection and analysis to identify the target areas to inform a business plan.

Revenues & Benefits

Performance remains on target from collection rates and processing of claims, however we have started to notice an increase in caseload caused by the current economic climate, which will continue to be monitored.

The Voice Recognition Analysis software continues to be used for the review of cases and change of circumstances. This is part of a year long pilot scheme for the Department of Work & Pensions (DWP) in partnership with Wellingborough, Corby and Kettering.

Work to begin implementing e-benefits for new claims began this month.

An initial discussion has been held with Daventry and Wellingborough district councils about joining the Business Rates Consortium, which should realise savings on expenditure for both authorities. A meeting was held on 4th December with a view to preparing a business case to move this forward.

Malcolm Mildren

Portfolio Holder for Finance



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

8 December 2008

Agenda Status: Public

Directorate: Finance and Support

Report Title	PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2008-09 to 2010-11 - MONITORING TO 31 AUGUST 2008
---------------------	---

1. Summary

- 1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities requires the Council to set a range of prudential indicators for 2008-09 and the two following years. These prudential indicators must then be monitored and revised, as appropriate, during the year.
- 1.2 Council approved the Council's prudential indicators for 2008-09 to 2010-11 at their budget-setting meeting of 28 February 2008.
- 1.3 A revision to the original prudential indicator for 2008-09 to 2010-11 for the upper limit for principal sums invested for more than 364 days was approved by Council on 21 July 2008
- 1.4 A report on was submitted to Cabinet on 5 November 2008 on the latest monitoring position for the Prudential Indicators for Capital Finance 2008-09, as at 31st August 2008. This report is attached at Appendix A.
- 1.5 The attached Cabinet report and annexes set out:
 - The statutory and regulatory background to the prudential indicators (Cabinet report)
 - The Council's latest approved prudential indicators for 2008-09 to 2010-11, with a commentary to support the individual prudential indicators (Cabinet report - Annex A)
 - Monitoring information on the approved prudential indicators for 2008-09 as at 31st August 2009 (Cabinet report - Annex B)
- 1.6 The Cabinet decision on 5 November 2008 was to recommend to Council that they approve revised prudential indicators for 2007-08 for the Council's Capital Expenditure Estimates, and Capital Financing Requirement (CFR)

2. Recommendations

2.1 That Council approve the revisions to the Council's prudential indicators for 2008-09, as set below.

a) Estimate of capital expenditure

	2008-09
Estimates of Capital Expenditure	Estimate as at 31 August 2008
	£000
General Fund (Non HRA)	10,214
Housing Revenue Account (HRA)	17,455
Total	27,699

b) Estimate of capital financing requirement (CFR)

Capital Financing Requirement (Closing CFR)				
	2007-08	2008-09	2009-10	2010-11
	31 March 2008 Actual £000	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000
Non-HRA	21,150	25,695	25,075	24,480
HRA	(7,675)	(6,675)	(4,676)	(2,150)
Total	13,475	19,020	20,399	22,330

3. Report Background

The report background and relevant issues are as set out in the Cabinet report and annexes attached.

4. Implications (including financial implications)

4.1 Resources and Risk

4.1.1 The prudential indicators provide the framework in which the Council conducts its treasury and capital financing activities, consistent with good treasury risk management. They are monitored throughout the year and reported to Cabinet on a regular basis.

- 4.1.2 The Code indicates that “in all cases, the process of setting prudential indicators for treasury management should be accompanied by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the authority’s borrowing and investment portfolios.” The indicators take account of the existing structure of borrowing and all reasonable restructuring activity that might occur.
- 4.1.3 Officers have considered whether there are any significant risks that could potentially prevent the Council from achieving its plans at the desired levels of affordability and prudence. These are considered at Annex A of the Cabinet report at individual indicator level.

4.2 Legal

- 4.2.1 Under the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 the Council must set prudential limits and indicators as part of the overall budget setting process. The CIPFA Prudential Code for Capital Finance in Local Authorities, which regarded as mandatory guidance associated with the statute, requires the authority’s Chief Finance officer to establish procedures for monitoring the Council’s performance against prudential indicators for the forthcoming and following two financial years, to report significant deviations from expectations, and to take any proposed revisions to Council for approval.

4.3 Other Implications

- 4.3.1 There are no other specific implications arising from this report.

5. Background Papers

As set out in the Cabinet report attached

Report Author and Title: Bev Dixon, Finance Manager – Capital and Treasury

Telephone and Email: 01604 837401, bdixon@northampton.gov.uk

Appendices



NORTHAMPTON
BOROUGH COUNCIL

Item No.

CABINET REPORT

Report Title	PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2008-09 to 2010-11 – MONITORING TO 31 AUGUST 2008
---------------------	--

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	5 November 2008
Key Decision:	YES
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Governance and Improvement
Accountable Cabinet Member:	Malcolm Mildren
Ward(s)	Not Applicable

1. Purpose

- 1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities requires the Council, as part of the budget setting process each year, to set a range of prudential indicators for the forthcoming financial year and the two following years. The prudential indicators must then be monitored, and revised, as appropriate, during the year.
- 1.2 This report sets out:
- The statutory and regulatory background to the prudential indicators
 - The Council's latest approved prudential indicators for 2008-09 to 2010-11, with a commentary to support the individual prudential indicators (Annex A)
 - Monitoring information on the approved prudential indicators for 2008-09 as at 31st August 2009 (Annex B)

- A recommendation for Cabinet to recommend Council to approve revisions to a number of the prudential indicators for 2008-09

2. Recommendations

- 2.1 That Cabinet note the prudential indicators monitoring information attached at Annex B
- 2.2 That Cabinet recommend to Council that they approve revisions to the Council's prudential indicators for 2008-09, as set below.
- a) Estimate of capital expenditure

	2008-09
Estimates of Capital Expenditure	Estimate as at 31 August 2008
	£000
General Fund (Non HRA)	10,214
Housing Revenue Account (HRA)	17,455
Total	27,699

- b) Estimate of capital financing requirement (CFR)

Capital Financing Requirement (Closing CFR)				
	2007-08	2008-09	2009-10	2010-11
	31 March 2008 Actual £000	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000
Non-HRA	21,150	25,695	25,075	24,480
HRA	(7,675)	(6,675)	(4,676)	(2,150)
Total	13,475	19,020	20,399	22,330

3. Issues and Choices

3.1 Report Background

Statutory and Regulatory Requirements

- 3.1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Local authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc and Accounts).
- 3.1.2 The key objectives of the Prudential Code are to ensure, within a clear framework, that:
- Capital investment plans are affordable, prudent and sustainable
 - Treasury management decisions are taken in accordance with good professional practice, and in a manner that supports prudence, affordability and sustainability
 - There is consistency with local strategic planning, local asset management planning and proper option appraisal
- 3.1.3 To ensure that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used (the prudential indicators) and the factors that must be taken into account.
- 3.1.4 The Prudential Code requires the following matters to be taken into account when setting or revising the prudential indicators:
- a) Affordability - e.g. implications for Council Tax and Council housing rents
 - b) Prudence & sustainability - e.g. implications for external borrowing
 - c) Value for money - e.g. option appraisal
 - d) Stewardship of assets - e.g. asset management planning
 - e) Service objectives - e.g. strategic planning for the authority
 - f) Practicality – achievability of the forward plan
- 3.1.5 The Prudential Code requires all local authorities to set prudential indicators for capital finance the forthcoming and the two following financial years. The prudential indicators must then be monitored, and revised, as appropriate, during the year.
- 3.1.6 The Prudential Code sets out a clear governance structure for the setting and revising of the prudential indicators. This must be done by the same body that takes decisions for the local authority's budget – i.e. by full Council
- 3.1.7 The Chief Financial Officer is responsible for ensuring that matters required to be taken into account are reported to the decision making body for consideration, and for establishing procedures to monitor performance

2008-09 to 2010-11 Approved Prudential Indicators

- 3.1.8 Council approved the Council's prudential indicators for 2008-09 to 2010-11 at their budget-setting meeting of 28 February 2008.
- 3.1.9 Council also approved, on that date, the delegation of authority to the Section 151 Officer to make adjustments between the "borrowing" and "other long term liabilities" categories within the overall total of the indicators for the operational boundary and the authorised limit for external debt, as shown in Annex A paragraphs (g) and (h). This allows movements between borrowing and other long-term liabilities, should the Section 151 Officer deem that the use of finance leases for capital expenditure constitutes good and prudent financial management. In line with Guidance Notes to the Prudential Code issued by CIPFA
- 3.1.10 A revision to the original prudential indicator for 2008-09 to 2010-11 for the upper limit for principal sums invested for more than 364 days was approved by Council on 21 July 2008
- 3.1.11 The latest approved prudential indicators are set out for information at Annex A.

3.2 Issues

2008-09 Prudential Indicators Monitoring Information as at 31 August 2008

- 3.2.1 There are thirteen prudential indicators, covering between them the areas of capital expenditure, affordability, prudence, external debt, and treasury management, as follows:

Capital expenditure

- a) Estimate of capital expenditure
- b) Estimate of Capital Financing Requirement (CFR)

Affordability

- c) Estimate of the ratio of financing to net revenue stream
- d) Estimate of the incremental impact of capital investment decisions on the Council Tax
- e) Estimate of the incremental impact of capital investment decisions on average weekly housing rents

Prudence

- f) Net borrowing to Capital Financing Requirement

External Debt

- g) Authorised limit for external debt

h) Operational boundary for external debt

Treasury Management

i) Upper limit for fixed interest rate exposure

j) Upper limit for variable interest rate exposure

k) Principal sums invested for more periods of more than 364 days

l) Upper and lower limits on the maturity structure of borrowing

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

3.2.2 The monitoring information as at 31st August 2008 on each of the prudential indicators for 2008-09 is set out at Annex B.

3.2.3 Two of the prudential indicators require revision, as set out in the following paragraphs

Estimate of capital expenditure

3.2.4 This prudential indicator requires reasonable estimates of the total of capital expenditure to be incurred. It is in the nature of capital expenditure to have variations to the capital programme as the year proceeds, for example as new grant or other third party funding becomes available, or to accommodate slippage from the previous year. This is acknowledged in the Prudential Code.

3.2.5 Revised estimates for capital expenditure for 2008-09 are shown in the table below:

	2008-09
Estimates of Capital Expenditure	Estimate as at 31 August 2008
	£000
General Fund (Non HRA)	10,214
Housing Revenue Account (HRA)	17,455
Total	27,699

3.2.6 The estimates are consistent with the latest proposed capital programme for 2008-09 approved by Cabinet on 15 October 2008.

Estimate of Capital Financing Requirement (CFR)

- 3.2.7 In day-to-day cash management no distinction can be made between revenue cash and capital cash. External borrowing may arise as consequence of all the financial transactions of the authority, and not simply those arising from capital spending. However the Capital Financing Requirement reflects the local authority's need to borrow for a capital purpose.
- 3.2.8 Revised estimates for the Capital Financing Requirement for 2008-09 and future years are shown in the table below:

Capital Financing Requirement (Closing CFR)				
	2007-08	2008-09	2009-10	2010-11
	31 March 2008 Actual £000	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000
Non-HRA	21,150	25,695	25,075	24,480
HRA	(7,675)	(6,675)	(4,676)	(2,150)
Total	13,475	19,020	20,399	22,330

- 3.2.9 The revisions to the estimates of CFR are as a result of the impacts of actual capital programme financing in 2007-08 and forecast borrowing to fund capital expenditure in 2008-09 and future years. The figures are consistent with the 2007-08 Statement of Accounts and with the borrowing requirements of the latest agreed capital programme for 2008-09. The forecasts for future years are subject to decisions on next year's budgets and are included for information only.

3.3 Choices (Options)

- 3.3.1 Cabinet are asked to recommend to Council that they approve the revised prudential indicators set out at paragraphs 3.2.4 to 3.2.9 above.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The approved prudential indicators for 2008-09 to 2010-11, together with any recommended revisions agreed by Council, constitute the Council's policy for 2008-09 and its plans for future years.

4.2 Resources and Risk

- 4.2.1 The prudential indicators provide the framework in which the Council conducts its treasury and capital financing activities, consistent with good treasury risk management. They are monitored throughout the year and reported to Cabinet on a regular basis.
- 4.2.2 The Code indicates that “in all cases, the process of setting prudential indicators for treasury management should be accompanied by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the authority’s borrowing and investment portfolios.” The indicators take account of the existing structure of borrowing and all reasonable restructuring activity that might occur.
- 4.2.3 Officers have considered whether there are any significant risks that could potentially prevent the Council from achieving its plans at the desired levels of affordability and prudence. These are considered at Annex A at individual indicator level.

4.3 Legal

- 4.3.1 Under the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 the Council must set prudential limits and indicators as part of the overall budget setting process. The CIPFA Prudential Code for Capital Finance in Local Authorities, which regarded as mandatory guidance associated with the statute, requires the authority’s Chief Finance officer to establish procedures for monitoring the Council’s performance against prudential indicators for the forthcoming and following two financial years, to report significant deviations from expectations, and to take any proposed revisions to Council for approval.

4.4 Equality

- 4.4.1 No equalities issues have been identified as a result of this report.

4.5 Consultees (Internal and External)

- 4.5.1 The capital investment plans that drive much of the capital finance activity that underpins the prudential indicators are subject to consultation, as follows:
- The capital project appraisals and project variations for the schemes in the capital programme are put together by project managers, in consultation with officers and members.
 - Consultation with stakeholders is undertaken as appropriate on individual capital schemes.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Adherence to the Prudential Code is a statutory requirement and also represents best practice. It also contributes to improving the Council's CAA Use of Resources score. This supports the Council's priorities to be a well-managed organisation that puts customers at the heart of what we do.

4.7 Other Implications

4.7.1 There are no other specific implications arising from this report.

5. Background Papers

5.1 Legislative and Regulatory Framework

- CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes 2001
- Local Government Act 2003
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- ODPM Guidance on Local Government Investments 2004
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Second Edition 2006)
- The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008
- CIPFA Prudential Code for Capital Finance in Local Authorities 2003
- CIPFA Prudential Code for Capital Finance in Local Authorities – Fully Revised Guidance Notes for Practitioners 2007

5.2 Cabinet Reports

- Prudential Indicators for Capital Finance 2008-09 to 2010-11 - Report to Cabinet 20 February 2008 and to Council 28 February 2008
- Capital Programme 2007-08 - Outturn Position – Report to Cabinet 26 June 2008
- Prudential Indicators for Capital Finance 2008-09 to 2010-11- Report to Council 21 July 2008
- Capital Programme 2008-09 – Position as at end of August 2008 – Report to Cabinet 15 October 2008

Bev Dixon, Finance Manager – Capital & Treasury, ext 7401

Prudential Indicators 2008-09 to 2010-11

Capital Expenditure Prudential Indicators

a) Estimate of capital expenditure

This indicator requires reasonable estimates of the total of capital expenditure to be incurred during the forthcoming financial year and at least the following two financial years.

The draft capital programme for 2008-09 to 2012-13 is included elsewhere on this agenda and the 2008-09 to 2010-11 figures below are taken from that report. The 2008-09 estimates include £1.082m capital contingency on the General Fund.

The 2007-08 figures, which are included for completeness, are taken from the latest proposed budget in the Capital Monitoring – Position as at 31 December 2007 report, which was agreed by Cabinet on 11 February.

Estimates for 2009-10 and 2010-11 include continuation schemes from previous years and outline proposals for new bids. The programme will be adjusted as necessary in line with the actual bids submitted and the resources available when the annual programmes for the two years are agreed.

Capital Expenditure				
	2007-08	2008-09	2009-10	2010-11
	Latest Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund	10,363	5,595	26,843	3,447
HRA	9,075	14,616	14,616	14,316
Total	19,438	20,211	41,459	17,763

Risk – There is a real risk of cost variations to planned expenditure against the capital programme, arising for a variety of reasons, including tenders coming in over budget, changes to specifications, and slippage or acceleration of project phasing. There is also the possibility of needing to provide for urgent and unplanned capital works. The risks are managed by officers on an ongoing basis, by means of active financial monitoring, with monthly reports to Cabinet.

The availability of financing from capital receipts, grants and external contributions also carries significant risk. This is particularly true of capital receipts, as projects in the programme are dependant on forecast receipts, which may or may not materialise in year. Where capital receipts are not received in year the funding gap has to be plugged by prudential borrowing, which has a knock on impact of the Council's debt financing position, and on the other prudential indicators. The

financing position of the capital programme is also closely monitored by officers on an ongoing basis and reported to Cabinet.

b) Estimate of capital financing requirement (CFR)

External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. The CFR can be understood as the Council's underlying need to borrow money long term for a capital purpose – that is, after allowing for capital funding from capital receipts, grants, third party contributions and revenue.

The council is required to make reasonable estimates of the total CFR at the end of forthcoming financial year and the following two years thereafter. A local authority that has an HRA must identify separately estimates of the HRA and General Fund CFR.

The CFR has been calculated in line with the methodology required by the relevant statutory instrument and the guidance to the Prudential Code. It incorporates the borrowing impacts of the Council's proposed capital programme. The current years estimated closing CFR is also shown for completeness.

Capital Financing Requirement (Closing CFR)				
	2007-08	2008-09	2009-10	2010-11
	31 March 2008 Estimate £000	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000
Non-HRA	21,771	24,335	23,696	23,082
HRA	(8,175)	(8,175)	(8,175)	(8,175)
Total	13,596	16,160	15,521	14,907

Prudential Indicators of Affordability

c) Estimates of ratio of financing costs to net revenue stream

The indicator has been calculated as estimated debt interest costs for the year divided by the net budget requirement for the non-HRA element and total HRA income for the HRA element. The objective is to enable trends to be identified.

The Code requires separate indicators for the HRA and non-HRA element.

The 2007-08 figure is shown for completeness; Members should note that it has been adjusted from the previously reported figure to take into account latest forecasts on the debt-financing budget and to include HRA depreciation as required by the guidance. The negative GF figure for 2007-08 is as a result of the levels of cash balances available for investment and prevailing interest rates both being in excess of budget.

The relatively high ratio for the HRA across all years (compared to General Fund) reflects the requirement to include depreciation in the financing costs, as represented by the value of the Major Repairs Allowance (MRA). This is not required in the General Fund figures.

The figures used for the net revenue stream for 2008-09 and onwards are dependent upon the General Fund and HRA revenue budgets to be agreed by Council and are therefore subject to change. If applicable, updated figures will be provided to Cabinet and Council at the earliest opportunity.

Ratio of financing costs to net revenue stream				
	2007-08	2008-09	2009-10	2010-11
	Adjusted %	Estimate %	Estimate %	Estimate %
General Fund	(1.24%)	0.48%	0.98%	0.88%
HRA	16.58%	16.82%	16.91%	17.33%

Risk – Debt financing costs relating to past and current capital programmes have been estimated in accordance with proper practices. Actual costs will be dependant on the phasing of capital expenditure and prevailing interest rates, and will be closely managed and monitored on an ongoing basis.

d) Estimates of the incremental impact of new capital investment decisions on the Council Tax

This indicator represents an estimate of the incremental impact of new capital investment decisions on the annual Council Tax (Band D). It is intended to show the effect on the Council Tax of approving more capital expenditure.

It is estimated that new borrowing of £2.5m (net of MRP) in 2008-09 will support the draft General Fund capital expenditure figures, shown at (a) above. No further borrowing is currently planned for 2009-10 or 2010-11. The costs shown below represent the incremental impact on Council Tax of the unsupported borrowing that is being met directly from revenue budgets (i.e. interest and principal repayments)

Estimates of incremental impact of new capital investment decisions on the Council Tax	
	General Fund
	£ p
2008-09	1.96
2009-10	3.15
2010-11	3.07

e) Estimate of incremental impact of new capital investment decisions on average weekly housing rent

This represents an estimate of the incremental impact of new capital investment decisions on average weekly housing rents.

Revenue contributions of £2m in each of the years 2008-09, 2009-10 and 2010-11 will support the HRA capital expenditure programme, which is directed at achieving decent homes standards. The impact on average weekly rents is set out in the table below. The annual increase is a result of the fall in stock each year through right to buy sales.

Estimates of incremental impact of new capital investment decisions on the Council Housing Rents	
	HRA
	£ p
2008-09	3.14
2009-10	3.17
2010-11	3.2

Prudence

f) Net borrowing and capital financing requirement

This is the key indicator of prudence. It is intended to show that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital requirement for the current and new two financial years.

The Council's net external debt figure is a negative figure – ie investments are in excess of debt. The net external debt figure has therefore been presented as zero.

The increases in CFR for future years (2009-10 and 2010-11) are subject to future Council decisions in respect of the capital programme for those years. The Council currently has no plans to undertake further prudential borrowing in 2009-10 and 2010-11, and the forecasts have been prepared on that basis.

Net external debt less than CFR	
	2008-09 £000
Borrowing	31,306
Less investments	58,069
Net external debt	0
2007-08 Closing CFR (Forecast)	13,596
Changes to CFR:	
2008-09	2,563
2009-10	(639)
2010-11	(613)
Adjusted CFR	14,907
Net external debt less than adjusted CFR	Yes

External Debt Prudential Indicator

g) Authorised limit for total external debt

For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long term liabilities for years 1, 2 and 3.

This requires the setting for the forthcoming financial year and the following two financial years of an authorised limit for total external debt (including temporary borrowing for cash flow purposes), gross of investments, separately identifying borrowing from other long term liabilities.

The authorised limit represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is “prudent” and be consistent with plans for capital expenditure and financing. It contains a provision for forward funding of future years capital programmes, which may be utilised if current interest rates reduce significantly but are predicted to rise in the following year.

This limit is based on the estimate of the most likely but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements.

The Council is asked to approve these limits and to confirm the existing delegated authority to the S.151 Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the Council. Any such changes would be reported to the Council at its next meeting following the change.

Authorised limit for external debt				
	2007-08	2008-09	2009-10	2010-11
	Limit £000	Limit £000	Limit £000	Limit £000
Borrowing	47,000	41,000	41,000	41,000
Other long-term liabilities	0	2,000	2,000	2,000
TOTAL	47,000	43,000	43,000	43,000

Other long-term liabilities, shown above, relate to insurance reserves. Any future finance leases entered into would also be included in this category

Risk – Risk analysis and risk management strategies have been taken into account in setting this indicator, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

h) Operational Boundary for total external debt

The proposed operational boundary is based on the same estimates as the authorised limit. However it excludes the additional headroom included within the authorised limit to allow for unusual cash movements.

The operational boundary represents a key management tool for in year monitoring by the S.151 Officer. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

The Council is also asked to confirm the existing delegated authority to the S.151 Officer, within the same operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at the next meeting following the change.

Operational boundary for external debt				
	2007-08	2008-09	2009-10	2010-11
	Boundary £000	Boundary £000	Boundary £000	Boundary £000
Borrowing	40,500	36,000	36,000	36,000
Other long-term liabilities	0	2,000	2,000	2,000
TOTAL	40,500	38,000	38,000	38,000

Risk – Risk analysis and risk management strategies have been taken into account in setting this indicator, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

Treasury Management Prudential Indicators

i) Upper limits on fixed interest rate exposures

This indicator sets the upper limits to which the Council is exposed to the effects of changes in fixed interest rates, and is calculated as borrowing that is at fixed rates less investments that are at fixed rates.

The prudential code guidance states that where in doubt borrowing and investments should be treated as being at variable rates for the purposes of this and the following indicator. With this in mind, borrowing in the form of LOBOs (Lenders Option,

Borrowers Option) has been treated as being at variable rates as the rates are reviewed at agreed intervals of typically 6 months or a year.

The limit can be in terms of principal sums or the associated interest; the Council has chosen the former approach. It can be expressed as a percentage or as an absolute amount. Previously this Council has set a limit based on a percentage of total investments. For 2008-09 onwards a cash limited amount is proposed, since this is more transparent and more straightforward to monitor. The 2007-08 indicator is shown for completeness.

The limit has been set at a level that allows for flexibility. It allows for all new long-term borrowing for 2007-08 and 2008-09 to be at fixed rates (e.g. PWLB loans) and for the option of rescheduling of existing LOBOs to fixed rate loans. All borrowing decisions will be taken in line with best practice and prevailing market conditions and in consultation with the Council’s treasury management advisers.

The limit also allows for a range of possibilities in respect of the value of temporary investments at any one point in time, as this is dependant on the cash position of the authority, and also for all the Council’s temporary investments at the budgeted level of £58m to be in the form of fixed rate investments; typically the figure is around 80% to 90%.

Since the Council has an excess of temporary investments over debt, the calculation should result in a negative figure. The upper limit has therefore been set at zero – i.e. a positive result representing an excess of fixed rate debts over temporary investment would exceed the limit.

Upper limits on fixed interest rate exposures		
	Upper Limit %	Upper Limit £000
2007-08	100%	-
2008-09	-	0
2009-10	-	0
2010-11	-	0

j) Upper limits on variable interest rate exposures

This indicator sets the upper limits to which the Council is exposed to the effects of changes in variable interest rates, and is calculated as borrowing that is at variable rates less investments that are at variable rates.

The prudential code guidance states that where in doubt borrowing and investments should be treated as being at variable rates for the purposes of this and the following indicator. With this in mind, borrowing in the form of LOBOs (Lenders Option,

Borrowers Option) has been treated as being at variable rates as the rates are reviewed at agreed intervals of typically 6 months or a year.

The limit can be in terms of principal sums or the associated interest; the Council has chosen the former approach. It can be expressed as a percentage or as an absolute amount. Previously this Council has set a limit based on a percentage of total investments. For 2008-09 onwards a cash limited amount is proposed, since this is more transparent and more straightforward to monitor. The 2007-08 indicator is shown for completeness.

The limit has been set at a level that allows for flexibility. It allows for all new long-term borrowing for 2007-08 and 2008-09 to be at variable rates or in the form of LOBOs. All borrowing decisions will be taken in line with best practice and prevailing market conditions and in consultation with the Council's treasury management advisers.

The limit also allows for a range of possibilities in respect of the value of temporary investments at any one point in time, as this is dependant on the cash position of the authority, and also for none of the Council's temporary investments at the budgeted level of £58m to be in the form of variable rate investments; typically the figure is around 10% to 20%.

The limit has been set in line with the Council's operational boundary for external borrowing (excluding long term liabilities at (h) above).

Upper limits on variable interest rate exposures		
	Upper Limit %	Upper Limit £000
2007-08	50%	-
2008-09	-	38,000
2009-10	-	38,000
2010-11	-	38,000

k) Principal sums invested for periods longer than 364 days

Under the Local Government Act 2003 and the DCLG (formerly ODPM Guidance on Local Authority Investments 2004, all Councils are now permitted to invest for periods exceeding 1 year (or 364 days). The Council is required to set a limit to the level of such investments it might wish to make.

Previously this Council has set a limit based on a percentage of total investments. For 2008-09 onwards a cash limited amount is proposed, since this is more transparent and more straightforward to monitor. The limit has been set at a level that

would allow for monies not anticipated to be spent in year e.g. capital receipts, to be invested for longer periods if interest rates are favourable.

Upper limit on investments for periods longer than 364 days		
	Upper Limit %	Upper Limit £000
2007-08	75%	-
2008-09	-	6,000
2009-10	-	6,000
2010-11	-	6,000

The revised limits above were approved by Cabinet on 26th June and Council on 21st July 2008.

Risk – This upper limit has been set at a prudent level (approx 10% of forecast total external investments) in order not to compromise cash flow liquidity.

i) Prudential limits for the maturity structure of borrowing

This represents the amount of projected borrowing that is fixed rate maturing in each period expressed as a percentage of total projected borrowing that is fixed rate at the start of the period where the periods in question are:

- Under 12 months;
- 12 months and within 24 months;
- 24 months and within 5 years;
- 5 years and within 10 years;
- 10 years and above.

This sets both upper and lower limits for 2008-09 with respect to the maturity structure of the Council's borrowing.

Maturity structure of borrowing		
	Lower Limit %	Upper Limit %
Under 12 months	0%	25%
1-2 years	0%	25%
2-5 years	0%	50%

5-10 years	0%	100%
Over 10 years	0%	100%

Risk – The debt maturity profile is actively managed to ensure that debt maturity is prudently spread across future years. This ensures that the Council can properly plan for the maturity of its borrowings, and is not exposed to unmanageable risks.

m) Adoption of the CIPFA Code of Practice for Treasury Management

The Prudential Code requires that the local authority has adopted the CIPFA Code of Practice for Treasury Management in Public Services.

The Council adopted the CIPFA Code of Practice for Treasury Management in the Public Services following its publication in 2001. This was formally minuted as a decision at the meeting of 21 January 2008.

Treasury Management Practices (TMPs), setting out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities, were approved by Cabinet on 3 July 2006. They should be reviewed on a regular basis, and this will be undertaken during 2008-09 and reported to Cabinet.

Prudential Indicators 2008-09 to 2010-11

Monitoring Position as at 31st August 2008

Capital Expenditure Prudential Indicators

a) Estimate of capital expenditure

Capital Expenditure				
	2007-08	2008-09	2009-10	2010-11
	Latest Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund	10,363	5,595	26,843	3,447
HRA	9,075	14,616	14,616	14,316
Total	19,438	20,211	41,459	17,763

The prudential indicator requires reasonable estimates of the total of capital expenditure to be incurred. It is in the nature of capital expenditure to have variations to the capital programme as the year proceeds, for example as new grant or other third party funding becomes available, or to accommodate slippage from the previous year. This is acknowledged in the Prudential Code.

Revised estimates for capital expenditure for 2008-09 are shown in the table below:

	2008-09
Estimates of Capital Expenditure	Estimate as at 31 August 2008
	£000
General Fund (Non HRA)	10,214
Housing Revenue Account (HRA)	17,455
Total	27,699

The estimates are consistent with the latest proposed capital programme for 2008-09 approved by Cabinet on 15 October 2008.

b) Estimate of capital financing requirement (CFR)

Capital Financing Requirement (Closing CFR)				
	2007-08	2008-09	2009-10	2010-11
	31 March 2008 Estimate £000	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000
Non-HRA	21,771	24,335	23,696	23,082
HRA	(8,175)	(8,175)	(8,175)	(8,175)
Total	13,596	16,160	15,521	14,907

Revised estimates for the Capital Financing Requirement for 2008-09 and future years are shown in the table below:

Capital Financing Requirement (Closing CFR)				
	2007-08	2008-09	2009-10	2010-11
	31 March 2008 Actual £000	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000
Non-HRA	21,150	25,695	25,075	24,480
HRA	(7,675)	(6,675)	(4,676)	(2,150)
Total	13,475	19,020	20,399	22,330

The revisions to the estimates of CFR are as a result of the impacts of actual capital programme financing in 2007-08 and forecast borrowing to fund capital expenditure in 2008-09 and future years. The figures are consistent with the 2007-08 Statement of Accounts and with the borrowing requirements of the latest agreed capital programme for 2008-09. The forecasts for future years are subject to decisions on next year's budgets and are included for information only.

Prudential Indicators of Affordability

c) Estimates of ratio of financing costs to net revenue stream

Ratio of financing costs to net revenue stream				
	2007-08	2008-09	2009-10	2010-11
	Adjusted %	Estimate %	Estimate %	Estimate %
General Fund	(1.24%)	0.48%	0.98%	0.88%
HRA	16.58%	16.82%	16.91%	17.33%

d) Estimates of the incremental impact of new capital investment decisions on the Council Tax

Estimates of incremental impact of new capital investment decisions on the Council Tax	
	General Fund
	£ p
2008-09	1.96
2009-10	3.15
2010-11	3.07

e) Estimate of incremental impact of new capital investment decisions on average weekly housing rent

Estimates of incremental impact of new capital investment decisions on the Council Housing Rents	
	HRA
	£ p
2008-09	3.14
2009-10	3.17
2010-11	3.20

These indicators - (c) to (e) - are set before the start of the financial year, in the context of the wider budget setting process, which feeds into the setting of Council Tax and housing rents. Once these have been set, and the financial year is underway it is not appropriate or possible to adjust these indicators.

Prudence

f) Net borrowing and capital financing requirement

Budgeted Position

Net external debt less than CFR – Budgeted	
	2008-09 £000
Borrowing	31,306
Less investments	58,069
Net external debt	0
2007-08 Closing CFR (Forecast)	13,596
Changes to CFR:	
2008-09	2,563
2009-10	(639)
2010-11	(613)
Adjusted CFR	14,907
Net external debt less than adjusted CFR	Yes

Latest Position

Net external debt less than CFR – As at 31 August 08	
	2008-09 £000
Borrowing	26,039
Less investments	67,939
Net external debt	0
2007-08 Closing CFR (Actual)	13,475
Changes to CFR:	
2008-09	5,544
2009-10	1,379
2010-11	1,930
Adjusted CFR	22,330
Net external debt less than adjusted CFR	Yes

Actual net external debt as at 31st August 2008 is less than the adjusted CFR.

External Debt Prudential Indicators

g) Authorised limit for total external debt

Authorised limit for external debt				
	2007-08	2008-09	2009-10	2010-11
	Limit £000	Limit £000	Limit £000	Limit £000
Borrowing	47,000	41,000	41,000	41,000
Other long-term liabilities	0	2,000	2,000	2,000
TOTAL	47,000	43,000	43,000	43,000

The table below shows the Council's borrowing position as at 31st August 2008, demonstrating that external debt has not exceeded the authorised limit of £43m.

	2008-09
Council Borrowing	Actual as at 31 st August 2008
	£000
Borrowing	26,039
Other Long Term Liabilities	-
Total	26,039

h) Operational Boundary for total external debt

Operational boundary for external debt				
	2007-08	2008-09	2009-10	2010-11
	Boundary £000	Boundary £000	Boundary £000	Boundary £000
Borrowing	40,500	36,000	36,000	36,000
Other long-term liabilities	0	2,000	2,000	2,000
TOTAL	40,500	38,000	38,000	38,000

The table below shows the Council's borrowing position as at 31st August 2008, demonstrating that external debt has not exceeded the operational boundary of £38m.

	2008-09
Council Borrowing	Actual as at 31 st August 2008
	£000
Borrowing	26,039
Other Long Term Liabilities	-
Total	26,039

Treasury Management Prudential Indicators

i) Upper limits on fixed interest rate exposures

Upper limits on fixed interest rate exposures		
	Upper Limit %	Upper Limit £000
2007-08	100%	-
2008-09	-	0
2009-10	-	0
2010-11	-	0

Fixed Rate Exposure	2008-09 Actual at 31 August 08
	£000
Fixed Rate Exposure	(57,594)

The amount of fixed rate exposure is a credit amount of £58m, which is below the upper limit of zero.

j) Upper limits on variable interest rate exposures

Upper limits on variable interest rate exposures		
	Upper Limit %	Upper Limit £000
2007-08	50%	-
2008-09	-	38,000
2009-10	-	38,000
2010-11	-	38,000

Variable Rate Exposure	2008-09 Actual at 31 August 08
	£000
Variable Rate Exposure	15,694

The amount of variable rate exposure is a debit amount of £16m, which is below the upper limit of £38m.

k) Principal sums invested for periods longer than 364 days

Upper limit on investments for periods longer than 364 days		
	Upper Limit %	Upper Limit £000
2007-08	75%	-
2008-09	-	6,000
2009-10	-	6,000
2010-11	-	6,000

Principal Sums Invested for Periods of Longer than 364 days	2008-09 Actual to 31 August 08
	Maximum in period
	£000
Principal Sums Invested for Periods of Longer than 364 days	6,000

I) Prudential limits for the maturity structure of borrowing

Maturity structure of borrowing		
	Lower Limit %	Upper Limit %
Under 12 months	0%	25%
1-2 years	0%	25%
2-5 years	0%	50%
5-10 years	0%	100%
Over 10 years	0%	100%

The Council's limits for the maturity structure of borrowing are taken into account whenever any new borrowing or loan rescheduling is undertaken. The following table indicates the maturity structure of borrowing at 31st August 2008, demonstrating that the limits have not been reached or exceeded.

The amounts maturing in less than 12 months include the monies invested by the Council on behalf of Billing Parish Council and Northampton Volunteering Centre, which are treated as temporary borrowing in the Council's accounts. As these can be accessed on demand by the bodies concerned, they are shown as maturing less than 12 months since they can be recalled on demand.

The principal element of the English Partnerships annuity comprises annual repayments that fall across all of the designated maturity periods.

The long-term borrowings undertaken to finance the Council's capital expenditure, in the form of LOBO (Lenders Option Borrowers Option) Loans, are due to mature in the five and ten years, and over ten years periods.

Maturity Periods of Council Borrowing	2008-09 Actual at 31 August 08
	%
Under 12 months	0.68
12 months and within 24 months	0.05
2 years and within 5 years	0.20
5 years and within 10 years	60.39
10 years and above	38.68

m) Adoption of the CIPFA Code of Practice for Treasury Management

The Council adopted the CIPFA Code of Practice for Treasury Management in the Public Services following its publication in 2001. This was formally minuted as a decision at the meeting of 21 January 2008.

There has been no change to this position.



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

8 December 2008

Agenda Status: Public

Directorate: Finance and Support

Report Title	INVESTMENT STRATEGY UPDATE 2008-09
---------------------	---

1. Summary

1.1 The purpose of the report is to:

- a) Bring to Council the proposed Treasury Strategy for 2008-09 to 2010-11.
- b) In the context of (a) above, to inform Council of the treasury issues to be considered over that timeframe.

2. Recommendations

2.1 That the Council approve the amended Treasury Strategy for 2008-09 to 2010-11, incorporating:

- a) The Capital Financing and Borrowing Strategy for 2008-09 to 2010-11
- b) The Investments Strategy for 2008-09 to 2010-11

3. Report Background

See Cabinet report attached

4. Implications (including financial implications)

See Cabinet report attached

5. Background Papers

See Cabinet report attached

Report Author and Title: Rebecca Smith, Assistant Head of Finance
Isabell Procter, Director of Finance and Support

Telephone and Email: 01604 838046, rsmith@northampton.gov.uk
01604 838757, iprocter@northampton.gov.uk

Appendices



Item No.

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title

INVESTMENT STRATEGY UPDATE 2008-09

AGENDA STATUS:

PUBLIC

Cabinet Meeting Date:	5 November 2008
Key Decision:	YES
Listed on Forward Plan:	NO
Within Policy:	NO
Policy Document:	YES
Directorate:	Finance and Support Services
Accountable Cabinet Member:	Malcolm Mildren
Ward(s)	Not Applicable

1. Purpose

1.1 The purpose of the report is to update Cabinet on the Council's position in relation to its investment portfolio in the light of the current economic climate and to give added flexibility to the Treasury Strategy to enable the Finance Department to respond promptly in this rapidly changing environment.

2. Recommendations

2.1 It is recommended that the Cabinet recommend the revised Treasury Management Strategy and Treasury Management Policy (TMP) 1 to Council for approval.

2.2 It is recommended that the Cabinet notes the delegated decision taken by the Chief Executive to raise investment limits for certain banks and endorses that decision.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Council's Treasury Strategy 2008-9 to 2010-11 was agreed at Council in February 2008. This incorporates the Council's Investment Strategy as well as its Finance and Borrowing Strategy.
- 3.1.2 The Council takes its responsibility for managing its financial resources very seriously and endeavours to minimise risk while maximising return in accordance with Government and professional guidance and legislation.

3.2 Issues

- 3.2.1 During the last couple of months events in the world economy have moved at an unprecedented rate. These events have had a direct impact on the Council's investment market, with the effect of increased volatility and risk.
- 3.2.2 Under the Local Government Act 2003 the Council is required to have regard to the CLG (formerly ODPM) Guidance on Local Government Investments issued in March 2004 and CIPFA's Treasury Management in the Public Services Code of Practice (2001) and updated Guidance Notes (2006).
- 3.2.3 The Council operates within the Treasury Management Strategy, which was agreed by Council in February 2008. The existing strategy follows Government guidelines of striking a prudent balance between risk and return. It is important to note that no investment strategy is risk free.
- 3.2.4 Under the agreed strategy all investments, with the exception of those to other local authorities, are placed only with those banks, building societies and authorised deposit takers under the Financial Services and Markets Act 2000 and allocated a satisfactory colour rating by Sector Treasury Services, whose list is updated monthly. This list is based upon credit ratings issued by the main rating agencies. Any changes to ratings during the month are notified to the authority immediately and action taken to remove from/add to the list as appropriate.
- 3.2.5 Recent events in relation to the banking sector have led to certain Governments offering national guarantees to specific banks and building societies to protect the principal invested by depositors.
- 3.2.6 Changes will only be able to be applied to new investments. In its ongoing investments this authority has no funds invested with Icelandic banks.
- 3.2.7 The Council does have investments with foreign banks based in Ireland and Singapore. The Governments of both of these countries have issued guarantees. It is intended that when these investments mature, any amount that is not needed for cash flow purposes will be invested in line with the most recent professional advice in relation to risk at the time of maturity.

The Way Forward

- 3.2.8 While no organisation is officially regarded as being 100% secure, the latest advice from our professional advisers (Sector Treasury Services) is that Councils should restrict their new investments to UK banks under the UK Government guarantee, or (currently for a maximum of 3 months) Irish banks under the Irish Government guarantee. (See annex A).

- 3.2.9 The Council works to minimise risk to the public funds under its care by following the latest advice available on secure institutions for all new investments.
- 3.2.10 The Council limits the amount it may place with a single institution (or Group) under its policy of spreading investment to minimise risk. This hampers the authority's ability to respond quickly to changing economic circumstances.
- 3.2.11 The Treasury Strategy has been amended to reflect these issues and the revised strategy is included for recommendation to Council at annex B.
- 3.2.12 In order to manage short-term issues with limits relating to deposit accounts and investments in the current banking sector crisis the Chief Executive agreed on 20 October 2008 to vary the limits with a small number of guaranteed institutions to enable the council's resources to be appropriately placed as follows:
- | | |
|---|------|
| Abbey | £10m |
| Lloyds TSB/HBOS/Bank of Scotland combined | £10m |
| Barclays | £10m |
| HSBC | £10m |
| Nationwide Building Society | £10m |
- 3.2.13 New investments will not be placed with HBOS or Bank of Scotland until any merger with Lloyds TSB is finalised and the position in relation to guarantees is confirmed.
- 3.2.14 The Council's Capital and Treasury Team will ensure that maturing investments, that are not required for cash flow purposes, are re-invested in institutions that fall within the categories supported by the latest advice.
- 3.2.15 It must be noted that in limiting the Council's investments to lower risk organisations, this is likely to reduce the level of interest returns that can be achieved. Based on average balances 1% for 12 months is worth approximately £520k. However, rates are currently good (and above the target set in the 2008/09 revenue budget) due to the banks' present need for cash, and it is felt that it is more important in the current circumstances to minimise the risk to the principal being invested.

Other Issues

3.2.16 Council Policy on Reserves and Balances

The Council Wide Revenue Budget 2008-09 to 2010-11 report (agreed by Council in February 2008) included the Council's policy on reserves and balances – i.e. aiming for a minimum level of unallocated general fund reserves of £2.75m at the end of 2008/09 having regard to the outcome of the financial risk assessment.

3.2.17 Treasury Management Practices (TMPs)

The Council's Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities. The TMPs were agreed by Cabinet on 3 July 2006. They should be reviewed on a regular basis, and this review is currently in progress, and will take account of the economic events of 2008.

In order to manage the current situation, and to enable the Capital and Treasury Team to respond promptly to changes in the risk profile of financial institutions in future, a revised TMP1 and accompanying schedule is attached at annex C to this report for approval. This includes restrictions and revised counterparty limits that are recommended for the current economic condition and delegated powers to enable the Chief Finance Officer to respond quickly to market fluctuations and instability in the future.

3.3 Choices (Options)

3.3.1 Cabinet are asked to agree the recommendations at paragraph 2 above.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The Treasury Strategy report set the Council's policy on its debt and investment portfolios over the next and following two financial years. It is being revisited at this point, well before its annual review, in recognition of the need to adapt quickly to the unpredictable fluctuations in the economy and the banking world of the past few months.

4.2 Resources and Risk

4.2.1 The report pertains to the management of the Council's investment portfolio, and resources and risk are dealt with in the main body of the report.

4.2.2 The risk management of the treasury function is considered as an integral part of day-to-day treasury activities, and is also specifically covered in the Council's Treasury Management Practices (TMPs).

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 listed in the background papers.

4.4 Equality

4.4.1 There are no specific equalities issues or implications associated with this report.

4.5 Consultees (Internal and External)

4.5.1 Consultation on treasury management matters is undertaken as appropriate with the Council's treasury advisers, Sector, and with the Portfolio holder for Finance.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The Audit Commission Key Lines of Enquiry for the Use of Resources (Financial Standing) requires the Council to “keep its treasury management strategy under review and monitor against it. The strategy [should] reflect the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services”. – A well managed organisation that puts our customers at the heart of what we do.

4.7 Other Implications

4.7.1 No other implications have been identified.

5. Background Papers

Statute, Regulation and Guidance

HM Treasury statements on financial support to the banking industry (8 October 2008 and 13 October 2008)

Joint Statement by Government and the Local Government Association re Icelandic Banks (9 October 2008)

CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes 2001

Local Government Act 2003

Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

ODPM Guidance on Local Government Investments 2004

CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Second Edition 2006)

The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008

CIPFA Prudential Code for Capital Finance in Local Authorities 2003

CIPFA Prudential Code for Capital Finance in Local Authorities – Fully Revised Guidance Notes for Practitioners 2007

Reports to Cabinet & Council

Capital Programme 2006-07 Monitoring – Report to Cabinet 3 July 2006 (Contains the Council’s Treasury Management Practices (TMPs))

Capital Programme 2008-09 to 2012-13 - Report to Cabinet 20 February 2008

Council Wide Revenue Budget 2008-09 to 2010-11 - Report to Cabinet 20 February 2008

Housing Revenue Account (HRA) Budget 2008/09 and Rent Setting - Report to Cabinet 20 February 2008

Prudential Indicators for Capital Finance 2008-09 to 2010-11 - Report to Cabinet 20 February 2008

Prudential indicators for Capital Finance 2007-08 - Position as at 30 November 2007 - Report to Council 21 January 2008 (Contains formal adoption of the CIPFA Code of Practice for Treasury Management)

Rebecca Smith
Assistant Head of Finance
Ext 8046

Institutions under UK and Ireland Government Guarantee
as at 20 October 2008

UK

Abbey
Barclays
HSBC
Lloyds TSB
Nationwide Building Society
Royal Bank of Scotland
Standard Chartered
Northern Rock

Ireland (*Guarantee in place until 28 September 2010*)

Allied Irish Bank
Bank of Ireland
Anglo Irish Bank
Irish Life and Permanent
Irish Nationwide Building Society
Education Building Society

Education Building Society do not appear on Sector's list, so are not recommended, and Irish Nationwide is already covered in Nationwide Building Society.

Additional Information

Singapore (*Guarantee in place until December 2010*)

The Government of Singapore has announced that it will guarantee all local and foreign currency deposits of individual and non-bank customers in banks, finance companies and merchant banks licensed by the Monetary Authority of Singapore.

Institutions under UK and Ireland Government Guarantee
as at 20 October 2008

UK

Abbey
Barclays
HSBC
Lloyds TSB
Nationwide Building Society
Royal Bank of Scotland
Standard Chartered
Northern Rock

Ireland (*Guarantee in place until 28 September 2010*)

Allied Irish Bank
Bank of Ireland
Anglo Irish Bank
Irish Life and Permanent
Irish Nationwide Building Society
Education Building Society (also known as EBS Building Society)

Irish Nationwide is already covered in Nationwide Building Society.

Additional Information

Singapore (*Guarantee in place until December 2010*)

The Government of Singapore has announced that it will guarantee all local and foreign currency deposits of individual and non-bank customers in banks, finance companies and merchant banks licensed by the Monetary Authority of Singapore.

TREASURY STRATEGY

1 Introduction

- 1.1 The Council has to consider its annual Treasury Strategy under the requirements of the CIPFA Code of Practice on Treasury Management. The Council adopted the code of practice following its publication in 2001. This was formally minuted as a decision at the Council meeting of 21 January 2008.
- 1.2 The CIPFA Prudential Code for Capital Finance in Local Authorities, published in October 2003, introduced enhanced requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.
- 1.3 The Prudential Code requires the Council to set a number of prudential indicators for capital finance. The prudential indicators for 2008-09 to 2010-11 were agreed at Council on 28 February 2008. This strategy includes those prudential indicators to which regard should be given when considering the Council's Treasury Management Strategy for the next three financial years.
- 1.4 The Council's Treasury Management Strategy is made up of the following:
 - The Capital Financing and Borrowing Strategy; and
 - The Investments Strategy.

2 Capital Financing and Borrowing Strategy

- 2.1 The Capital Financing and Borrowing Strategy covers:
 - Capital financing (2.2)
 - New borrowing (2.3)
 - Interest rate exposure (2.4)
 - Prudential indicators (2.5)
 - Temporary borrowing (2.6)
- 2.2 Capital Financing
 - a) The capital programme is financed mainly by sources other than borrowing, including capital receipts, grants, third party contributions and revenue contributions. However the Council may use borrowing where the Government awards borrowing approvals in the form of Supported Capital Expenditure (Revenue) (SCE(R)) and provide associated revenue support through the formula grant. Alternatively borrowing is available when other financing sources are not, in which circumstances unsupported (prudential) borrowing may be undertaken.

- b) The Council makes limited use of operating leases to fund some types of expenditure that would otherwise be treated as capital. This policy is currently under review, and where operating leases offer better value for money these will now be considered as a financing source in place of capital outlay. Examples of the types of expenditure that might be suitable are IT equipment and office furniture. The annual costs of operating leases are treated as revenue expenditure in the accounts and are not included in the Council's capital programme.

The Council's policy is not to enter into finance leases, which have to be treated as capital expenditure in the accounts, and generally do not offer any financial benefits to the authority.

- c) Existing borrowing to fund capital expenditure in previous years stands at £25.9m. This borrowing is primarily in the form of Money Market LOBO (Lenders Option, Borrowers Option) loans.
- d) Previously the Council has been required by statute to repay a minimum amount of 4% of debt principal each year. This debt repayment is known as the Minimum Revenue Provision (MRP).

The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008, which came into force on 31st March 2008, now require local authorities to make instead 'prudent provision' for the repayment of debt. A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment of debt should be more closely aligned to the useful life of the asset or assets for which the borrowing has been carried out.

As a transitional measure, authorities will be able to calculate MRP for all capital expenditure prior to 1 April 2008 as if the previous regulations were still in force.

The authority is required, under the new regulations, to prepare an annual statement of their policy on making MRP for submission to Council.

The Council's policy is to use the transitional arrangements to continue to provide for MRP under existing regulations pending the development of a more detailed policy following the publication of the regulations. The detailed policy will be brought to Council for consideration in 2008-09.

For the next 3 years MRP, calculated under previous regulations, is estimated at:

	2008-09 £m	2009-10 £m	2010-11 £m
Repayment of debt principal (MRP)	0.54	0.64	0.64

These figures incorporate the ongoing revenue impact of the new borrowing set out at paragraph 2.3 below.

2.3 New Borrowing

- a) Under the Local Government Act 2003 local authorities are able to borrow in year for the current year capital programme and for the following two years. It is estimated that the new borrowing required to fund the 2008-09 capital programme will be £3.5m (gross of MRP).
- b) The Council currently has no plans to undertake further prudential borrowing in 2009-10 and 2010-11. The new long-term borrowing requirement for the next three years is estimated at:

		2008-09	2009-10	2010-11
		£m	£m	£m
(i)	New borrowing to cover new capital expenditure	3.50	0.00	0.00
(ii)	Replacement of loans maturing in year	0.00	0.00	0.00
(iii)	Less: debt repayment (see paragraph 2.2(d) above)	(0.54)	(0.64)	(0.64)
	Total new borrowing/ (provision for debt repayment)	2.96	(0.64)	(0.64)

- c) The Council is entitled to use Public Works Loan Board (PWLB) loans for its long term borrowing needs. In addition loans, including LOBO loans, are available from major banks via the Money Market and these may be considered when they offer better value than PWLB loans. Decisions on the timing and type of the borrowing will be taken in consultation with the Council's treasury advisors, Sector Treasury Services.
- d) As is the current practice, the debt portfolio will be kept under review throughout 2008-09 and beyond; with debt rescheduling opportunities being investigated for potential interest savings. Recent changes to regulations, and to the structure of PWLB rates mean that rescheduling opportunities are more limited than in the past, but decisions will be based on appropriate advice and the maturity profile of the portfolio.
- e) The Council also has a £1m overdraft facility with its bankers, the Co-operative Bank. This is only used on rare occasions to cover unforeseen events. Interest is charged at 1% above base rate for the use of this facility.

2.4 Interest Rate Exposure

- a) Long Term Rates – Interest rates on PWLB and Money Market loans fluctuate daily according to market conditions, related in particular to the position on the gilt market.

The table below illustrates the prevailing PWLB rates and forecasts to March 2010, as at 20 October 2008.

Long Term Borrowing Rates - PWLB Maturity Loan Interest Rates			
	10 Years	25 Years	50 Years
2008-09			
Actual 1 April 2008	4.51%	4.53%	4.43%
Actual 1 July 2008	5.34%	4.86%	4.58%
Actual 1 October 2008	4.66%	4.75%	4.64%
Forecast Quarter 4	4.40%	4.55%	4.50%
2009-10			
Forecast Quarter 1	4.00%	4.45%	4.50%
Forecast Quarter 2	3.90%	4.50%	4.50%
Forecast Quarter 3	3.85%	4.50%	4.50%
Forecast Quarter 4	4.00%	4.50%	4.50%
2010-11			
Forecast Quarter 1	4.25%	4.55%	4.50%
Forecast Quarter 2	4.35%	4.60%	4.60%
Forecast Quarter 3	4.55%	4.70%	4.65%

LOBO rates on offer for 70-year loans at 20 October 2008 were at 4.35% and below, dependant on the initial fixed period of the loan.

The Council's Borrowing Strategy for 2008-09 will be to use fixed rate borrowing where long-term rates are favourable. Where variable rate borrowing is used, short-term loans will be arranged in order that they can be replaced by long-term fixed rate loans at a later date when rates are more favourable.

- b) Short-term rates – The bank base rate commenced this current year 2008/09 at 5.25% but this was reduced to 5% on 10 April 2008. This was reduced again to 4.5% as part of a package of measures to address the global economic crisis on 8 October 2008.

The current Sector forecasts indicate that the base rate will decline over the next 12 months before rising again in 2010-11. However, there is some difference of opinion among economists.

	Base Rate
2008-09	
Actual at 1 April 08	5.25%
Actual at 10 April 08	5.00%
Actual at 8 October 08	4.50%
Forecast Quarter 4	4.00%
2009-10	
Forecast Quarter 1	3.50%
Forecast Quarter 2	3.25%
Forecast Quarter 3	3.00%
Forecast Quarter 4	3.00%
2010-11	
Forecast Quarter 1	3.25%
Forecast Quarter 2	3.50%
Forecast Quarter 3	3.75%

* Date of Rate Change

2.5 Prudential indicators

The prudential indicators that relate to the Capital Financing and Borrowing Strategy are:

- a) Authorised limit for external debt for 2007-08, 2008-09, 2009-10 and 2010-11.

The Local Government Act 2003 requires the authority to set an Affordable Borrowing Limit. This is equivalent to the authorised limit at paragraph 2.5(a) above.

Affordable Borrowing Limit			
2007-08 Limit	2008-09 Limit	2009-10 Limit	2010-11 Limit
£000	£000	£000	£000
47,000	43,000	43,000	43,000

Annex B

As indicated above (paragraph 2.3(a)) current accounting rules allow local authorities to forward funding for their capital programmes up to a maximum of three years. The affordable borrowing limit figures include a provision for future forward funding should it be advantageous to do so.

- b) Operational boundary for external debt for 2007-08, 2008-09, 2009-10 and 2010-11.

Operational boundary for external debt				
	2007-08 Boundary £000	2008-09 Boundary £000	2009-10 Boundary £000	2010-11 Boundary £000
Borrowing	40,500	36,000	36,000	36,000
Other long-term liabilities	0	2,000	2,000	2,000
TOTAL	40,500	38,000	38,000	38,000

- c) Maturity structure of borrowing.

Maturity structure of borrowing		
	Lower Limit %	Upper Limit %
Under 12 months	0%	25%
1-2 years	0%	25%
2-5 years	0%	50%
5-10 years	0%	100%
Over 10 years	0%	100%

Maturity Periods of Council Borrowing	2008-09 Actual at 31 August 08
	%
Under 12 months	0.68
12 months and within 24 months	0.05
2 years and within 5 years	0.20
5 years and within 10 years	60.39
10 years and above	38.68

2.6 Temporary Borrowing

The Council occasionally undertakes short term temporary borrowing to cover its cash flow position.

In addition the Council manages deposits from a small number of local organisations – Northampton Volunteer Bureau, and Billing Parish Council. No formal agreements have been set up with these organisations, and interest rates have traditionally been set on a custom and practice basis, with reference to the prevailing bank rate. Officers are working on setting up formal agreements with these organisations, incorporating a defined method of calculating the interest rate to be applied.

3 Investments Strategy

3.1 The Investments Strategy covers:

- Investments (3.1)
- Liquidity of Investments (3.2)
- Interest Rates (3.3)
- Prudential indicators (3.4)

3.2 Investments

- a) Under the Local Government Act 2003 the Council is required to have regard to the CLG (formerly ODPM) Guidance on Local Government Investments issued in March 2004 and CIPFA's Treasury Management in the Public Services Code of Practice (2001) and updated Guidance Notes (2006).
- b) The CLG Guidance on Local Government Investments requires that investments are split into two categories:
 - (i) Specified investments – broadly, sterling investments, not exceeding 364 days and with a high credit rating.

- (ii) Non-specified investments – do not satisfy the conditions for specified investments.

All investments, with the exception of those to other local authorities, will be placed only with those banks, building societies and authorised deposit takers under the Financial Services and Markets Act 2000 and allocated a satisfactory colour rating by Sector Treasury Services, whose list is updated monthly. This list is based upon credit ratings issued by the three main rating agencies. Any changes to ratings during the month are notified to the authority immediately and action taken to remove from/add to the list as appropriate.

This list may be further restricted with the approval of the Chief Finance Officer to limit the exposure of the authority to risk in times of economic or market uncertainty. Any adjustments in maximum lending limits under this paragraph will be reported to Cabinet subsequently.

c) Specified Investments

The majority of the Council's investments in 2008-09 will fall into the category of specified investments.

d) Non-Specified Investments

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

The officer recommendation for 2008-09 is that long-term investments (those for periods exceeding 364 days) could prudently be used where interest rates are favourable and funds are not required for short-term cash flow management.

The maximum amount that the Council will hold at any time during the year as long-term investments is £6m. This is approximately 10% of the forecast average level of total investments in 2008-09, which is around £58m. This level of investment could be undertaken without having an adverse effect on cash flow.

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

3.3 Liquidity of Investments

- a) Most short-term investments are held for cash flow management purposes and officers will ensure that sufficient levels of short-term investments and cash are available for the discharge of the Council's liabilities. Investment periods range from overnight to 364 days as specified investments or longer as a non-specified investment.
- b) The average period of each investment in the current financial year, measured up to 31 December 2007, is 55.6 days. When deciding the length of each investment, regard is had to both cash flow needs and prevailing interest rates.

3.4 Interest Rates

- a) London Interbank Bid (LIBID) 3-month rates have risen during 2008-09 as illustrated below. Seven-day and one-month rates are more volatile as they are more susceptible to changes driven by market forces.

Movement in LIBID Rates

Date	7 Day	1 Month	3 Month
31 December 2007	5.79%	5.91%	5.89%
1 April 2008	5.32%	5.65%	5.88%
30 June 2008	5.08%	5.38%	5.82%
30 September 2008	5.22%	5.95%	6.18%

- b) As referred to above, bank base rate currently stands at 4.5% and is forecast to continue decline during 2008-09 and 2009-10. Short-term interest rates are likely to average slightly above these levels.
- c) The Council maintains predominately temporary, short-term investments, which are made with reference to cash flow requirements.
- d) For short term and overnight investment the Council makes full use of appropriate bank and building society call and deposit accounts which offer very competitive rates and in most instances instant access to funds.

Changes to the original are shown in italics

Treasury Management Practice (TMP) 1

Treasury Risk Management

The responsible officer will:

- design, implement and monitor all arrangements for the identification, management and control of the treasury management risk,
- report at least annually on the adequacy/suitability thereof,
- report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect,

all in accordance with the procedures set out in *TMP6 Reporting Requirements and Management Information Arrangements*.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to the document.

1) Liquidity Risk Management

The council will ensure it has adequate, though not excessive, cash resources, borrowing arrangements overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives.

2) Interest Rate Risk Management

While at all times having regard to the security of the principal it is investing, the Council will endeavour manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements or as amended in accordance with *TMP6 Reporting requirement and management information arrangements*.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and *revenues while maximising the security of its investments*. At the same time it will retain a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates or to react to adverse changes in the financial markets.

The above are subject at all time to the consideration and, if required, approval of any policy or budgetary implications.

3) Exchange Rate Risk Management

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

It will achieve this objective by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of exchange rates. The above is subjected at all times to the consideration and, if required, approval of any policy or budgetary implications.”

4) Inflation Risk Management

The effects of varying level of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the organisation as an integral part of its strategy for managing its overall exposure to inflation.

It will achieve this objective by the prudent use of its approved financing and investment instruments, methods and techniques. This will enable the creation of stability and certainty of costs and revenues, while at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of inflation.

The above is subject at all times to the consideration and, if required, approval of any policy of budgetary implications.

5) Credit and Counterparty Risk Management

The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, methods and techniques listed in the schedule to that document.

It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

6) Refinancing Risk Management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, with a view to obtaining appropriate offer terms for renewal or refinancing, if required. Appropriate offer terms for renewal or refinancing will be competitive and as favourable to the organisation as can reasonable be achieved in the light of the market conditions prevailing at the time.

The maturity profile of the monies so raised, and relationships with counterparties in these transactions, are managed in such manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of this goal.

7) Legal and Regulatory Risk Management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under *paragraph 5 above*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislation or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, it will seek to minimise the risk of these impacting adversely on the organisation.

8) Fraud, Error and Corruption, and Contingency Management

The Council will ensure that it has identified the circumstances, which may expose it to risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

9) Market Risk Management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Schedule to TMP 1 - TMP1 RISK MANAGEMENT

1.1 LIQUIDITY

1.1.1 Amounts of approved minimum cash balances and short-term investments

The Council will keep at least £5,000,000 available at 24 hours notice.

There is an agreed overdraft facility of £1,000,000 with the Co-operative bank.

1.2 INTEREST RATE

1.2.1 Minimum/maximum proportions of variable rate debt/interest

The maximum proportion of interest on borrowing, which is subject to variable rate interest

The limit has been set in line with the Council's operational boundary for external borrowing (excluding long term liabilities at (h) above.

<i>Upper limits on variable interest rate exposures</i>	
	<i>Upper Limit £000</i>
<i>2008-09</i>	<i>38,000</i>
<i>2009-10</i>	<i>38,000</i>
<i>2010-11</i>	<i>38,000</i>

1.2.2 Minimum/maximum proportions of fixed rate debt/interest

Since the Council has an excess of temporary investments over debt, the calculation should result in a negative figure. The upper limit has therefore been set at zero – i.e. a positive result representing an excess of fixed rate debts over temporary investment would exceed the limit.

1.2.3 Policies concerning the use of financial derivatives and other instruments for interest rate management.

- a. forward dealing – the Council will enter into forward deals
- b. callable deposits (fixed investments for up to 5 years borrower's option) £1,000,000
- c. LOBOs (borrowing under lender's option/borrower's option) are allowable.

1.3 CREDIT AND COUNTERPARTY POLICIES

1.3.1 Criteria to be used for creating / managing approved counterparty lists / limits

- a. The Chief Finance Officer will formulate a suitable criteria for assessing and monitoring the credit risk of investment counterparty and shall construct a lending list comprising time, type, sector and specific counterparty limits.
- b. Treasury management staff will add or delete counterparties to/form the approved counterparty list in line with the policy on criteria for selection of counterparties. The complete list of approved counterparties will be included in the annual report.
- c. The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.
- d. Credit ratings will be used as supplied by Sector Treasury Services.
- e. Professional advice will be taken from Sector Treasury Services on which institutions present the minimum level of risk to the authority.
- f. *The counterparty list may be further restricted with the approval of the Chief Finance Officer in consultation with the Chief Executive to limit the exposure of the authority to risk in times of economic or market uncertainty.*
- g. The maximum period for specified investments will be 364 days.
- h. *The maximum period for non-specified investments will be 5 years. (The only non specified investments used are investment over 364 days).*
- i. The maximum value for any single investment transaction will be £5m.
- j. The maximum level of investment with any one group of counterparties will be £10m.

1.3.2 Approved methodology for changing limits and adding / removing counterparties

Credit ratings for individual counterparties can change at any time. The Chief Finance Officer is responsible for applying the stated credit rating criteria outlined in 1.3.1 for selecting approved counterparties. He/She will add or delete counterparties as appropriate to/from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers.

The Chief Finance Officer will also adjust lending limits and periods when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers in accordance with the criteria in 1.3.1.

The Chief Financial Officer will adjust maximum lending limits should it become necessary to enable the effective management of risk in

relation to investments. Any adjustments in maximum lending limits under this paragraph will be reported to Cabinet subsequently.

1.3.3 Restrictions in Place – Banking Sector Crisis October 2008

As at October 2008 the Sector counterparty list has been restricted to those authorities that have in place a guarantee from either the UK or Republic of Ireland Government.

The Chief Financial Officer will amend this restriction as appropriate in line with professional and Government advice.

The Chief Financial Officer in consultation with the Chief Executive will lift when, in their judgement, the economy and relevant markets have stabilised and are expected to remain stable for a period of at least 12 months.

Any adjustments to restrictions under this paragraph will be reported to Cabinet at the next available Cabinet meeting for endorsement.

1.3.4 Restricted individual listings of counterparties and counterparty limits as at 22 October 2008

Group	Institution	Limit £m	Limit Days
United Kingdom			
<i>Santander</i>	<i>Abbey</i>	12	364
<i>Lloyds TSB</i>	<i>Lloyds TSB</i>	12	364
<i>Barclays Bank Plc</i>	<i>Barclays</i>	12	364
<i>HSBC Holdings Plc</i>	<i>HSBC</i>	12	364
<i>Royal Bank of Scotland Group Plc</i>	<i>Royal Bank of Scotland</i>	12	364
<i>Standard Chartered plc</i>	<i>Standard Chartered</i>	12	364
<i>Nationwide Building Society</i>	<i>Nationwide Building Society</i>	12	364
<i>Northern Rock*</i>	<i>Northern Rock</i>	12	90
Republic of Ireland			
<i>Allied Irish Bank Plc</i>	<i>Allied Irish Bank</i>	7.5	90
<i>Bank of Ireland</i>	<i>Bank of Ireland</i>	7.5	90
<i>Anglo Irish Bank Corporation Plc</i>	<i>Anglo Irish Bank</i>	7.5	90
<i>Irish Life & Permanent Plc</i>	<i>Irish Life & Permanent</i>	7.5	90
<i>EBS Building Society</i>	<i>Education Building Society</i>	7.5	90

**Acting under Government Ownership*

1.3.5 Details of credit rating agencies' services or other services which provide current credit ratings and updates on changes

The Council uses credit ratings supplied through Sector from the credit rating agencies Fitch IBCA and Moodys.

1.4 MARKET VALUE OF INVESTMENTS

1.4.1 *The Council minimises its exposure to investments whose capital value may fluctuate (gilts, CDS etc.).*



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

8 December 2008

Agenda Status: Public

Directorate: Chief Executives

Report Title	Northampton Citizen Awards
---------------------	-----------------------------------

1. Summary

To give effect to the decisions taken by the Cabinet at its meeting on 26 November 2008 concerning this item.

2. Recommendations

That Council:

- 2.1 Authorises the creation of a Citizens Award Scheme
- 2.2 Agrees that the working title of the Scheme should be "Northampton Borough Council Citizens Awards"
- 2.3 Agrees that the Citizens Awards Panel should be composed of the Mayor (as chair), Deputy Mayor, the Mayor of the preceding year, the leader of the Council (or his nominee), one member from any political group not represented in the foregoing list and the Portfolio Holder for Community Engagement.
- 2.4 Authorizes the Citizens Awards Panel to agree the details of the scheme.

3. Report Background

- 3.1 The background is set out in the appendix 1 of this report.
- 3.2 On 26th November 2008, Cabinet considered the recommendations set out in paragraph 2 of the appended report and agreed them all save that: the Portfolio Holder for Community Engagement was added to the list of panel members; the final clause of

paragraph 2.4 was deleted; and another recommendation was added, namely that the panel be authorised by the Council to agree the scheme.

4. Implications (including financial implications)

4.1 Resources and Risk

Comments are made in the appended report.

4.2 Legal

None specifically arising out of this report

4.3 Other Implications

None specifically

5. Background Papers

FJF Constitution file.

Report Author and Title: Francis Fernandes
Borough Solicitor

Telephone and Email: 01604 838334

Appendices



Item No.

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	NORTHAMPTON CITIZEN AWARDS
---------------------	-----------------------------------

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	26 November 2008
Key Decision:	NO
Listed on Forward Plan:	NO
Within Policy:	YES
Policy Document:	NO
Directorate:	Chief Executives
Accountable Cabinet Member:	Cllr Brendan Glynane
Ward(s)	ALL

1. Purpose

1.1 To consider proposals for a scheme of Citizens Awards.

2. Recommendations

2.1 To agree in principle to recommend to Full Council the creation of a Citizens Award Scheme.

2.2 That the working title of the scheme should be "Northampton Borough Council Citizens Awards"

2.3 To establish a Citizens Awards Panel to oversee the development and implementation of the scheme, with the following composition:

Mayor (as Chair)
Deputy Mayor
Preceding Mayor
Leader of the Council or nominee

One member from any political group on the Council not represented above

- 2.4 That the Chief Executive be requested to prepare and agree with the Panel a scheme for the implementation of Citizens Awards, for agreement at Full Council.

3. Issues and Choices

3.1 Report Background

- 3.1.1 Council, at its meeting on 27th October 2008, resolved to request Cabinet

“to bring forward proposals, based on the policy adopted by this Council on 8 November 2004, but never implemented for a Scheme of Citizens Awards”.

3.2 Issues

- 3.2.1 Different Councils around the country apply various versions of Citizens Awards schemes. Whilst the details vary the main aim of such schemes is to recognise the exceptional contributions that individuals, groups or organisations make to life in the Council's administrative area.
- 3.2.2 It would be possible to have particular categories of awards, ranging from individual awards for outstanding contributions which could be focussed in particular areas, such as a 'young citizens award', to themed awards focussed on particular areas the Council wants to recognise and promote, such as community safety or cohesion or regeneration awards. It would be prudent to have a maximum number of awards each year.
- 3.2.3 The process and criteria for identifying winners under the scheme would need to be determined. Nominations could be invited through appropriate advertising in local papers, community groups and through Ward Councillors.
- 3.2.4 A judging panel would be required and it may be appropriate to seek some external independent involvement in such a panel. Awards could be presented by the Mayor at a special meeting of the Council convened specifically for this purpose where an award of some kind, such as a framed certificate, could be given together with an entry into a roll of honour kept specifically for that purpose. An evening reception may follow, subject to cost and scale.
- 3.2.5 This report does not seek to determine the scheme now but seeks authority from Cabinet for a scheme to be developed, through a proposed panel of members, which reflects the civic nature of these awards and also includes all political groups on the Council. The proposal will need to be referred to Full Council for consideration.

3.3 Choices (Options)

- 3.3.1 Do nothing. This is not recommended because of Full Council's clear decision that a Citizens Award scheme needs to be developed.
- 3.3.2 Develop a Scheme for Citizens awards for Full Council approval. This is the recommended course of action.

4. Implications (including financial implications)

4.1 Policy

None specifically.

4.2 Resources and Risk

The scheme will have some resource implications, depending on the detail of the scheme chosen, such as advertising costs and officer and other costs for administering the scheme. However, these cannot be determined accurately at this stage and will depend on the exact scheme chosen. Every effort will be made to implement the scheme within existing resources.

4.3 Legal

None specifically.

4.4 Equality

Any scheme that is eventually proposed will ensure that equality and diversity issues are fully factored into the scheme.

4.5 Consultees (Internal and External)

Internal only at this stage

4.6 How the Proposals deliver Priority Outcomes

Any scheme could seek to target individuals or groups who are involved in activities that fall within corporate priorities.

4.7 Other Implications

None specifically

5. Background Papers

- 5.1 Council Report 8th November 2004 and Motion 27th October 2008
5.2 FJF Working File

David Kennedy
Chief Executive
Extn 7726

Francis Fernandes
Borough Solicitor
Ext 7334