

NORTHAMPTON BOROUGH COUNCIL



COUNCIL

Thursday, 26 February 2009

YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON THURSDAY 26TH FEBRUARY 2009 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 Meetings of the Council held on 8 December 2008 (herewith) and 19 January 2009 (previously circulated).

3. APOLOGIES.

4. MAYOR'S ANNOUNCEMENTS.

5. PUBLIC COMMENTS AND PETITIONS

6. CORPORATE PLAN 2009-2012

Report of Chief Executive

7. CAPITAL PROGRAMME 2009-10 TO 2011-12

Report of Director of Finance and Support

8. COUNCIL WIDE GENERAL FUND REVENUE BUDGET 2009-10 TO 2011-12

Report of Director of Finance and Support

9. COUNCIL TAX 2009-10

Report of Director of Finance and Support

10. HOUSING REVENUE ACCOUNT (HRA) BUDGET 2009/10 AND BUDGET PROJECTIONS 2010/11 AND 2011/12

Report of Director of Finance and Support

11. PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2009-10 TO 2011-12

Report of Director of Finance and Support

12. TREASURY STRATEGY 2009-10 TO 2011-12

Report of Director of Finance and Support

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

The Guildhall
Northampton
18th February 2009

D. Kennedy Chief Executive



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

26th February 2009

Agenda Status: Public

Directorate: Chief Executive's Office

Report Title	Corporate Plan 2009-12
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1. Summary

The Council's Corporate Plan for 2009-12 is attached for approval, subject to final detail on targets. It was considered and approved by Cabinet on 19 February.

2. Recommendations

Council is recommended to

1. Approve the attached draft corporate plan, subject to the addition of detailed targets arising from the service planning process;
2. Delegate to the Chief Executive in consultation with the Leader the authority to finalise the corporate plan and associated action plan in line with the budget decisions, service plans and any other consequent changes.

3. Report Background

The proposed Corporate Plan and the related report considered by Cabinet on 19 February are attached. As that covering report makes clear, this is an update of the existing 2008-11 Corporate Plan to take account of changing circumstances and further consultation.

4. Implications (including financial implications)

The implications are fully discussed in the attached report to Cabinet.

5. Background Papers

attachments: draft Corporate Plan 2009-12

Report to Cabinet 19 February 2009 'Corporate Plan 2009-12'

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CABINET REPORT

Report Title

Corporate Plan 2009-12

AGENDA STATUS:

PUBLIC

Cabinet Meeting Date:	19 February 2009
Key Decision:	YES
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Chief Executive's Office
Accountable Cabinet Member:	Cllr Woods
Ward(s)	All

1 Purpose

- 1.1 To approve the Council's draft Corporate Plan for 2009-2012.
- 1.2 To agree a process for approving the detailed targets and format of the final plan prior to publication.

2 Recommendations

Cabinet is recommended to:

- 2.1 Approve the attached draft corporate plan, subject to the addition of detailed targets arising from the service planning process;
- 2.2 Request a further report for its 18 March meeting, containing these detailed targets for approval;

- 2.3 Delegate to the Chief Executive in consultation with the Leader the authority to finalise the corporate plan and associated action plan in line with the budget decisions, service plans and any other consequent changes.

3 Background and Issues

- 3.1 Cabinet received an early draft of the 2009-2012 Corporate Plan at its meeting on 22 December 2008, and approved that this be used as a basis for consultation. This consultation period has now closed, and the latest draft version (attached) is presented for Cabinet endorsement. The plan will need to be updated and amended following Council decisions over the annual budget on the 26th February and the associated action plan included to reflect those decisions and align with service plans.
- 3.2 External consultation was focused on the existing corporate priorities of the Council, slightly reworded. These received clear support (see analysis of consultation attached to the revenue budget paper). However, internal discussion showed that the format and content of the draft was seen to be uninviting and repetitive. Cabinet had already noted that this was essentially to be a 'refresh' of the existing 2008-2011 Corporate Plan, and so the format of the draft presented today reflects that position.
- 3.3 The most significant changes are to make more explicit reference to Northampton's Sustainable Community Strategy and to the revised Local Area Agreement, both of which were signed off last year. An additional emphasis is proposed on action to address the problems arising for our residents and others from the current recession. Various corrections and updates have been made on matters of fact.
- 3.4 The plan presented today is not complete, in that the Action Plan, which will detail the targets and measures to deliver the agreed priority outcomes, cannot be completed until the next phase of service planning has been carried out and budget decisions concluded.
- 3.5 Other minor changes will include adding a cover, language accessibility page, page numbers and a dated header for each page. It is recommended that delegated authority to finalise the plan is allocated to the Chief Executive, in consultation with the Leader.

4 Options

- 4.1 **Approve the Corporate Plan**, subject to the further provisions set out in the report. This is recommended.
- 4.2 **Propose modifications to the draft.**
- 4.3 **Not approve the draft plan.** This would leave the Council without a Corporate Plan at the beginning of the new financial year. This would make service planning difficult and be unfavourably viewed by our auditors. It is therefore not recommended.

5 Implications (including financial implications)

5.1 Policy

- 5.1.1 Delivering the commitments in the Corporate Plan may require review of some policies. The need for such reviews will be reflected in service plans or the action plan attached to the Corporate Plan.

5.2 Resources and Risk

- 5.2.1 The plan needs to be considered alongside the budget, which can be seen as providing the resources to deliver the corporate plan within overall financial constraints.
- 5.2.2 The key risk with the Corporate Plan would be if the Council were unable to deliver its commitments because it underestimates the difficulties, fails to understand its environment, or lacks the necessary resources. In the Council's current financial position it will be particularly important not to promise activities and outcomes that NBC cannot afford to deliver. The action plan will be drawn up against approved resources and therefore will reflect what can be resourced on current financial projections. This also applies to service plans.

5.3 Legal

- 5.3.1 No obvious implications.

5.4 Equality

- 5.4.1 The plan is clear about the commitments that this Council has made to deliver an equitable service and to support a diverse community.

5.5 Crime and Disorder

- 5.5.1 The draft plan addresses safer communities as a priority, identifying priority outcomes in this area. Elsewhere in the plan there are outcomes which have a potential link to crime and disorder, which are being examined in the service planning process.

5.6 Consultees (Internal and External)

- 5.6.1 The 2008-11 Corporate Plan on which this is based was subject to extensive community and stakeholder consultation in 2007. The recent consultation has confirmed the continuing validity of the corporate priorities. There is an analysis attached to revenue budget paper which gives details of this analysis.

5.7 How the Proposals deliver Priority Outcomes

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

Thomas Hall
Head of Policy and Community Engagement
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Introduction

Welcome to Northampton Borough Council's Corporate Plan for 2009/12.

Northampton faces some testing challenges, including being a designated growth area and coping with the national economic situation. The citizens and businesses of Northampton are facing exceptional difficulties. The Borough Council has a duty to do what it can to help the town and its people, and this needs to be added as a critical component to all our priorities. Communities, in particular our more vulnerable residents, need to be supported through the economic downturn.

In 2008 local people told us clearly what they wanted the Council to concentrate on, and we built our 2008–2011 Corporate Plan around that. This plan is an annual update of the Corporate Plan for the three years from April 2009.

This Plan focuses particularly on the next 12 months and builds on our recent progress. It sets out our ambitions, challenges, our priorities and key targets for ensuring we respond to these and achieve success. Many of these will require effective working with public, private and voluntary sectors. We have put in place robust systems and processes to ensure that we will deliver this Plan. These coupled with strong management and skilled staff will enable us to be one of the best councils in terms of the delivery of public service by 2013.

To do this we have adopted the following management aims:

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

**Cllr Tony Woods,
Leader of the Council**

**David Kennedy
Chief Executive**

1.

The council and our partners in context



The Council works through a number of strategic partnerships with other service providers in the area. In particular it actively supports and takes a leading role in the Northampton Local Strategic Partnership (LSP) and the Safer Stronger Northampton Partnership.

The LSP vision for Northampton, contained in the Northampton Sustainable Community Strategy, has been adopted by the Council and is explained below.

The Council also works as part of the Northamptonshire Partnership and is a full member of the Northamptonshire Public Service Board which leads that Partnership.

The *Northamptonshire Sustainable Communities Strategy* sets out the vision and key objectives for the county area between now and 2031. Its aims are:

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

The Northamptonshire Partnership approved the county's second Local Area Agreement in 2008. The LAA identifies the key priority outcomes for the whole county as well as informing local priorities for Northampton to be delivered by the Council and its partners. This Council's responses to those shared commitments are set out clearly in the pages that follow.

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

To deliver this the Northampton Local Strategic Partnership have agreed the *Sustainable Community Strategy for Northampton*, which incorporates the key themes from the county-wide strategy and focuses on key strategic objectives local to Northampton;

By 2011 Northampton will:

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

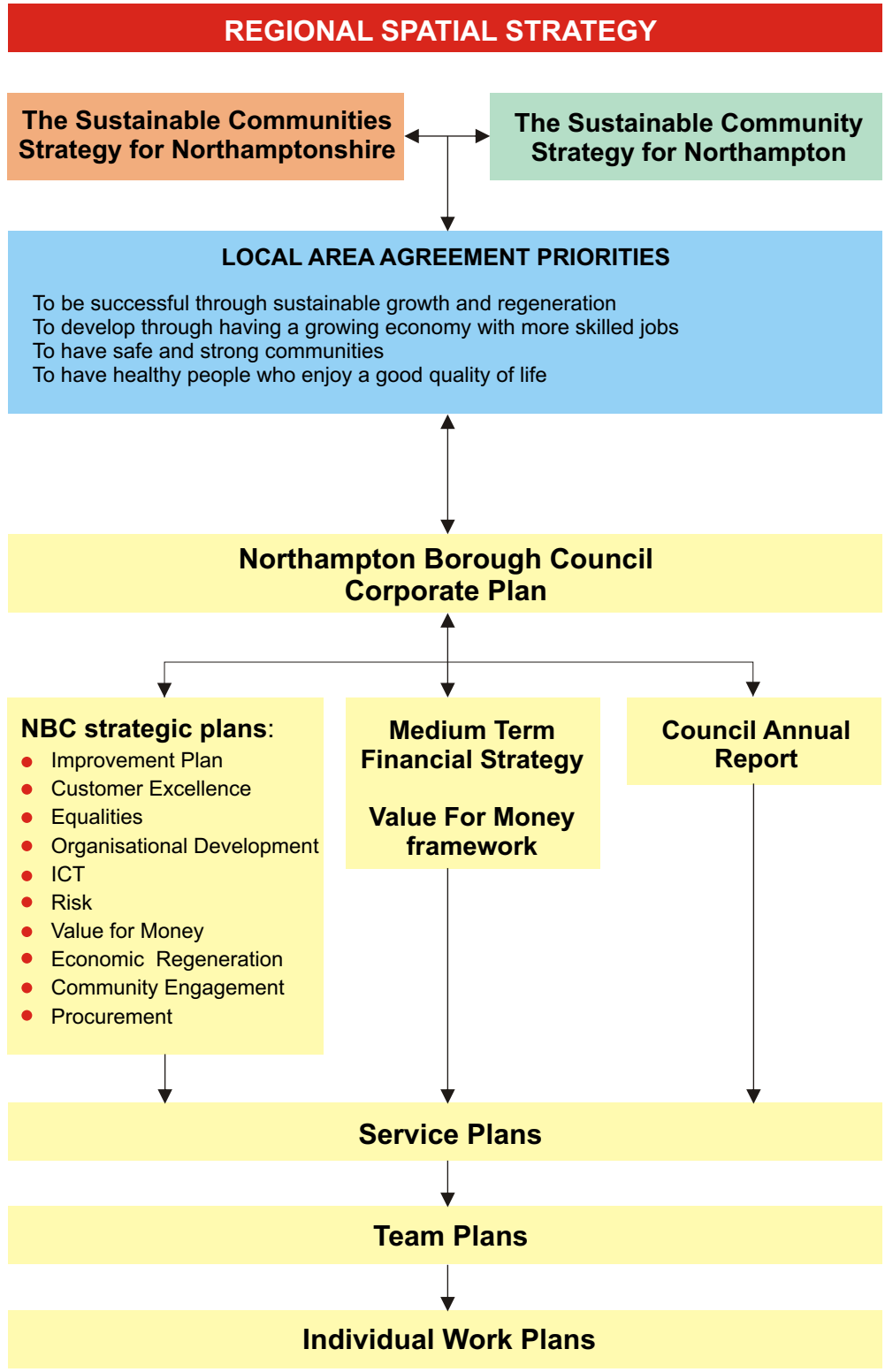
By 2021 it will be a city and a place made up from caring communities

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

Our Corporate Plan 2009/12 sets out how the Council contributes to the achievement of these objectives. The following illustration shows the relationship between these key plans.

2.

How we deliver our key strategies



3.

Opportunities and challenges facing Northampton



Regeneration is therefore a key priority for the town



Our plans need to take account of the world around us. Our services and objectives have been shaped by an understanding of the issues Northampton faces, and the Borough Council's potential role in addressing them. At the time of writing the Council's environment is dominated by the twin challenges of being a designated growth area, and the local effects of the country's economic problems.

- **Population growth**, with an expectation as part of a growth area that the town's population will grow by more than a third by 2021
- **Economic downturn**, which will mean more demands on the Council to support individuals, businesses and the future prospects for our town, but at the same time less income coming to the Council both from Council Tax and charges for services

At the same time there are many other factors which our plans need to tackle, including:

- **Town centre vitality**, with the available shopping and recreational facilities needing improvement to provide a centre of which local people can be proud
- **Diverse population**, challenging us to provide services to a wide range of people with differing needs
- **Crime and safety**, where rates still need to be reduced and people retain a widespread concern
- **Employment**, reflecting that Northampton's workforce is relatively less skilled than many comparable areas
- **Sustainability**, and the whole issue of environmental responsibility and reaction to climate change
- **Housing**, where the town has an unacceptably high proportion of sub-standard housing
- **Deprivation**, recognising that parts of the town do much less well than others compared on a range of factors such as health, prosperity and safety

- **Political and legislative change**, including the introduction of a new assessment regime, Multi-Area Agreements, and the 'duty to involve'

In order to ensure that this Corporate Plan meets the needs and aspirations of our local communities, and contributes to wider community outcomes, we engaged with local people in a series of consultation events. We used the feedback to inform the selection of our five priorities and underpinning commitments.

These are:

- **safer, greener and cleaner communities**
- **housing health and well-being**
- **a confident, ambitious and successful Northampton**
- **partnership and community engagement**
- **a well-managed organisation that puts the customer at the heart of what we do**

We have also recognized the special demands created by the current recession. During this difficult time we will be putting particular emphasis on the following:

- Continuing to improve the performance, quality of services and value for money provided by the Council
- Securing the long-term regeneration and growth of the town, and maintain the vitality of the town
- Supporting the vulnerable and those suffering from the effects of the recession

3.

Priority 1: safer, greener and cleaner communities

We want Northampton to be a place where people feel they are proud to belong. A range of factors contribute to the way in which communities experience that sense of belonging.

Safety is most local people's number one priority. There are few merits in aspiring toward being a vibrant and exciting place unless we feel safe and secure.

But the sense of safety is not purely within the gift of the council. It is something we all experience when the conditions around us are right. Northampton Borough Council is working with a number of other public sector organisations as well as local communities and voluntary organisations to help foster a climate of personal and community safety.

We also need to feel that our environment is healthy – that our town is clean and that we have green spaces where we can relax. Northampton has more acres of parklands and green space than any other town relative to its size. And we need to play our part in protecting our environment for future generations.

We will work with partners to:

- Reduce crime, fear of crime and anti-social behaviour
- Reduce the amount of waste produced
- Increase recycling and composting
- Reduce the Council's Carbon Footprint
- Improve air quality
- Provide a reliable and cost-effective refuse collection and street cleansing service
- Achieve cleaner neighbourhoods
- Provide good quality open spaces and parks



Within this priority, our shared commitments in the Sustainable Community Strategy for Northampton are to:

- improve quality of life of people living in suburban and urban areas, making places attractive, clean and safe
- significantly reduce crime and anti-social behaviour
- reduce harm and impact of alcohol and Class A drugs
- improve the environments that people live in (built and natural)
- encourage locally distinctive, high quality design and sustainable construction that is environmentally sensitive
- improve offender management
- promote sustainable transport

Detailed targets and milestones, including relevant Local Area Agreement outcomes, are set out in the action plan.

3.

Priority 2: Housing health and wellbeing

We work with a number of other public sector organisations, local communities and voluntary organisations to help create a sense of well-being. For example, the Primary Care Trust can have a significant impact on the health of local people. It provides health services to local people and commissions services through a variety of providers..

Our well-being can be significantly affected by where we live, the standard of our homes, health, opportunity and income. Improved participation and access to leisure and culture facilities are also vital for wellbeing, and in particular activities and opportunities for children and young people are vital in improving the health of the next generation. We are leading, on behalf of partners across the town, to improve the quality of life for these groups..

Within this priority, our shared commitments in the Sustainable Community Strategy for Northampton are to:

- improve quality of and access to housing
- ensure that social, physical and green infrastructure are adequately and timely provided to meet people's needs
- develop and enhance a distinctive and diverse cultural and leisure offer
- implement universal youth offer in consultation with young people with a localised needs focus

- work with partners to promote positive activities for children and young people
- improve people's health and lifestyle
- improve cohesion and pride in communities and the town
- design health into new growth and regeneration
- improve life chances

We will work with partners to:

- achieve the Decent Homes Standard
- deliver additional affordable homes
- reduce homelessness
- meet housing needs
- Provide a range of leisure and cultural activities for young people
- Improve participation and access to cultural opportunities
- Promote healthy living initiatives for young people
- Contribute to improving the health of local people
- Encourage vibrant neighbourhoods and engaged communities



Detailed targets and milestones, including relevant Local Area Agreement outcomes, are set out in the action plan.

3.

Priority 3: A well-managed organization that puts our customers at the heart of what we do

We are continually improving to provide modernised, efficient and accessible services. Our ambition is to improve the council and our services as quickly as possible, so that this Council is recognized as one of the best in terms of service delivery by 2013.

We will continue to focus on our on performance and aim to be recognised as one of the best Councils, in terms of public service, within five years. We have committed to the following five management aims

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

This will be achieved by eliminating discrimination and actively promoting equality of opportunity for everybody who lives in, works in or visits Northampton as well as by ensuring that our culture is customer focused.

To achieve this we need an organisation where everyone works as team, knows what their job is, has pride in what they do and knows how they contribute to the Council's and partners' ambitions.

Detailed targets and milestones, including relevant Local Area Agreement outcomes, are set out in the action plan.

We will work to:

- Provide excellent customer services
- Improve our financial management
- Provide services with a local focus
- Become a well-regarded organisation
- Provide equitable services
- Improve our customers insight
- Have effective governance arrangements in place
- Ensure value for money services
- Become an employer of choice
- Provide efficient and effective management

3.

Priority 4: A Confident, Ambitious and Successful Northampton

The Government's growth agenda, which is focused on meeting the national housing shortage, will enable Northampton's population to grow by 100,000 by 2031. Successful growth means:

- Building additional homes;
- Creating places and communities;
- Fostering a vibrant economy;
- Ensuring adequate physical and social infrastructure in the town to support sustainable growth for new and existing communities
- Celebrating and enhancing our unique history, heritage and culture
- Making the town more attractive to shoppers, investors, visitors and new residents;
- Promoting a diverse and adaptable skilled workforce;
- Stimulating ambition, and retaining skills within the Northampton economy
- Safeguarding business and jobs during a recession

As well as developing the town Northampton has a key role in contributing the economic performance of the Milton Keynes South Midlands Sub-Region.

We have in place a range of strategies to help deliver these outcomes. These include the Local Development Scheme, Economic Strategy and Cultural Strategy.

Together with partners we will work to deliver the needs of Northampton as a burgeoning city.

Detailed targets and milestones, including relevant Local Area Agreement outcomes, are set out in the action plan.

We will work with partners to achieve:

- A vibrant and viable town centre
- Sustainable growth in jobs and housing
- improved town centre management
- Regeneration of key sites
- Support for local businesses
- Quality shopping, leisure and cultural facilities and events
- Enhanced reputation and regional influence
- A sound planning policy framework

Within this priority, our shared commitments in the Sustainable Community Strategy for Northampton are to:

- deliver sustainable growth
- lead and facilitate sustainable development
- promote the development of business and inward investment in Northampton
- use land and buildings effectively and maximise opportunities for re-using land that has been previously built on
- strengthen and diversify the economic base of Northampton, taking advantage of opportunities for knowledge-based industries
- improve our schools and match our training opportunities to economic needs
- improve educational achievement and enjoyment
- provide training and education opportunities for employment and sustainable economic development
- increase job opportunities in line with national, regional and sub-regional strategies

3.

Priority 5: Partnerships and community engagement

We can achieve more working with others than we can working in isolation. We are developing our partnership with a range of public, private, voluntary and community organisations. This will enable us to optimise the way in which we all use our combined resources to provide services for the community.

We have negotiated an agreement to achieve a range of improvements for all our communities through the Northamptonshire Local Area Agreement, which binds partners together in delivering jointly outcomes for local communities.

It is also vital that we engage with our communities in the development of our services. Last year we adopted a new Community Engagement Strategy. This outlines the principles that we will use to engage and involve people in our communities. This strategy is currently being used to inform the way we work with local communities and interests.

Detailed targets and milestones, including relevant Local Area Agreement outcomes, are set out in the action plan.

We will work with partners to achieve:

- Understanding our customers
- Improved education and skills attainment
- Strong community leadership
- effective working with the voluntary and community sectors

Within this priority, our shared commitments in the Sustainable Community Strategy for Northampton are to:

- improve partnerships to deliver joined up services
- involve our voluntary and community sector in planning, decision-making and delivery of services
- promote equality of opportunity and improved participation in the community in the decision-making process

And particularly with regard to children and young people, to:

- work in partnership to specifically improve quality of life for children and young people
- demonstrate progress against the seven elements of targeted youth support in east Northampton
- develop an action plan for implementation of the Integrated Youth Offer across Northampton



4.

How we make best use of our resources



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

- Our budget strategy will be linked to the Council's priorities and supporting value for money services.
- Ongoing efficiency savings will be identified as part of our three-year planning and performance framework and subject to annual review and update. These efficiency savings will be used to fund new burdens, cost pressures and service improvements.
- Strategic Business Reviews will completely rethink how we deliver services. VFM reviews will be used to target improvement in services and cross cutting areas in two ways.
- Innovative methods of procurement will be explored and the value for money opportunities they present.
- Our Asset Management Plan will be fully integrated with a Capital Strategy and will set out clearly how we will deliver effective asset management.
- Ensuring 'whole life costing' principles and options appraisals are a key part of making investment decisions in our capital programme.
- Ensuring good quality data is essential for reliable performance and financial information to support effective decision-making. We are committed to ensuring the data we use to report on performance is fit for purpose and represents our activities in an accurate and timely manner.

Our employees are our biggest resource. During 2008 we reorganised the Council in order to promote more efficient working, better service delivery and improved customer outcomes. Our structure now results in professionally-based Directorates that are accessible to customers and partners.

Culture is as important as structures. Alongside the structural changes there will be a programme of organisational development, aimed at ensuring that employees are supported, provided with opportunities for development and well managed.

5.

Action Plan

The following pages outline the targets and measures we will use to evaluate progress against our priorities. These are structured around the five Corporate Priorities.

Included within the table are a range of National Indicators (NI) prescribed by government. For many of these indicators, specific targets will not have been set, as councils will need to establish baseline data upon which targets for continuous improvements can be identified.

In addition, the Council, working with its partners, will contribute to the achievement of a number of targets to deliver the Local Area Agreement (LAA). Some of the specific range of targets at local level still need to be confirmed and the targets within this Plan will be amended to reflect the final agreement.

The references include:

BVPI (former Best Value Performance Indicator, now retained as a local indicator)

NI (National Indicator, a statutory measure introduced from 1st April 2008)

LPI (Local Performance Indicator, non-statutory measure developed by the Council to monitor progress)





NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

26 February 2009

Agenda Status: Public

Directorate: Finance and Support

Report Title	CAPITAL PROGRAMME 2009-10 TO 2011-12
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1. Summary

1.1 The purpose of the report is to:

- To present the Council's Capital Strategy for 2009-10 to 2011-12
- To present the proposed capital programme for 2009-10, and outline proposals for 2010-11 to 2011-12.
- To outline the capital programme funding proposals for 2009-10 and future years.

2. Recommendations

2.1 That Council approve:

- a) The Capital Strategy for 2009-10 to 2011-12, set out in Annex A to the Cabinet report.
- b) The capital programme for 2009-10, including future year commitments, as set out in Annex B to the Cabinet report.
- c) The capital financing principles to be applied in 2009-10, as set out at in the Capital Strategy (Annex A to the Cabinet report) at pages 31 to 32.
- d) The proposed financing of the capital programme for 2009-10 and future years, as set out at paragraphs 3.2.10 and Annex C of the Cabinet report.
- e) That Cabinet be authorised, once the programme has been set, to approve new capital schemes and variations to existing schemes during 2009-10, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.

2.2 That Council note:

- a) The contribution of each new scheme in the 2009-10 capital programme to the Council's corporate priorities for 2009-2012, as set out in Annex D to the Cabinet report.
- b) Outline bids for future years as set out at Annex E to the Cabinet report.

3. Report Background

See Cabinet report attached

4. Implications (including financial implications)

4.1 Resources and Risk

See Cabinet report attached

4.2 Legal

See Cabinet report attached

4.3 Other Implications

See Cabinet report attached

5. Background Papers

See Cabinet report attached

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Appendices



Item No.

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title

CAPITAL PROGRAMME 2009-10 TO 2011-12

AGENDA STATUS:

PUBLIC

Cabinet Meeting Date: 19 February 2009

Key Decision: YES

Listed on Forward Plan: YES

Within Policy: YES

Policy Document: Capital Strategy

Directorate: Finance & Support

Accountable Cabinet Member: Malcolm Mildren

Ward(s) Not Applicable

1. Purpose

1.1 The purpose of the report is to:

- To present the Council's Capital Strategy for 2009-10 to 2011-12
- To present the proposed capital programme for 2009-10, and outline proposals for 2010-11 to 2011-12.
- To outline the capital programme funding proposals for 2009-10 and future years.
- To ask the Cabinet to recommend to Council that they approve the recommendations in paragraph 2 below.

2. Recommendations

- 2.1 That the Cabinet recommend to Council that they approve
- a) The Capital Strategy for 2009-10 to 2011-12, set out in Annex A.
 - b) The capital programme for 2009-10, including future year commitments, as set out in Annex B.
 - c) The capital financing principles to be applied in 2009-10, as set out at in the Capital Strategy (Annex A) at pages 30 to 31.
 - d) The proposed financing of the capital programme for 2009-10 and future years, as set out at paragraphs 3.2.10 and Annex C.
 - e) That Cabinet be authorised, once the programme has been set, to approve new capital schemes and variations to existing schemes during 2009-10, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.
- 2.2 That Cabinet and Council note:
- a) The contribution of each new scheme in the 2009-10 capital programme to the Council's corporate priorities for 2009-2012, as set out in Annex D.
 - b) Outline bids for future years as set out at Annex E.

3. Issues and Choices

3.1 Report Background

The Financial Position

- 3.1.1 The Council is facing an extremely challenging financial situation in the short to medium term.
- 3.1.2 The funding for capital expenditure is closely linked both to revenue funding, in relation to borrowing costs, and to the difficult economic situation, for example in relation to its ability to generate capital receipts.
- 3.1.3 The national economic situation over the past 12 months has deteriorated significantly into a period of downturn and instability. This has had specific repercussions locally.
- 3.1.4 The impact on the housing market has had the effect of reducing income levels. Right to Buy sales have virtually ceased, and buyers are difficult to secure for other types of property, particularly at the right price. This has a direct and significant impact on the availability of capital receipts to fund capital expenditure.
- 3.1.5 In terms of borrowing, the new regulations on accounting for Minimum Revenue Provision (MRP) charges for the repayment of debt have had a very significant impact on the debt-financing budget, particularly in relation to short-lived assets. This is because new borrowing is now written down over the life of the assets, rather than 4% on the reducing balance as previously.

- 3.1.6 As a district authority a significant proportion of new capital investment relates to short-lived assets such as software, vehicles, plant, and equipment. The impact of the new rules therefore is to significantly increase the annual charge of borrowing to revenue.
- 3.1.7 Some grant funding has also been affected where grant-awarding bodies are being forced to cut back on funding provision.
- 3.1.8 The capital programme put forward for approval for 2009-10 is therefore considerably more constrained than in previous years.

Building the Capital Programme.

- 3.1.9 Project appraisals have been completed for all 2009-10 capital programme bids.
- 3.1.10 Each project appraisal demonstrates how the scheme will contribute to:
- The Council's corporate priorities.
 - Statutory duties and legal commitments
 - Partnership working
 - Performance indicators
 - Service strategies and plans
 - Equalities
 - Other corporate initiatives
 - National priorities and targets
 - Environmental impacts.
- 3.1.11 These factors are all taken into account in formulating a proposed capital programme that, within the resources available, will best target the Council's corporate priorities.
- 3.1.12 Officers maintain a file of all project appraisals and copies of individual appraisals are available on request.
- 3.1.13 Bids for future year starts have been put forward in outline only, and are listed in Annex E. These are included in the programme for planning purposes. Project appraisals will be completed for these bids during the year preceding the proposed start, and Council will decide which bids will be agreed for inclusion in the programme in the preceding February or March of each financial year. Bids that were not agreed as part of the draft programme for 2009-10 are included in the outline plans for future years.

3.2 Issues

The Capital Strategy

- 3.2.1 The proposed Capital Strategy for 2009-10 to 2011-12 is attached at Annex A. This updates the Capital Strategy for 2008-09 to 2010-11 approved by Council on 28 February 2008. The strategy includes an extract of the current corporate plan. This will be updated post approval of the revised plan for 2009-12 at this Cabinet meeting.

- 3.2.2 Capital expenditure represents major investment in new and improved assets such as land, buildings, infrastructure, equipment and information technology. It therefore plays a key part in the development of the Council's services.
- 3.2.3 The Government expects each local authority to produce a capital strategy. The aim of the capital strategy is to provide a clear framework for capital funding and expenditure decisions. This is in the context of the Council's vision, values, objectives and priorities, financial resources, and spending plans.
- 3.2.4 The strategy supports the development of an approved capital programme that shows the Council's commitment to maintaining and improving its capital stock and infrastructure. This in turn underpins the delivery of high quality and value for money services and helps to secure a better environment for the people of Northampton.
- 3.2.5 The strategy covers both the present position and future plans - the former setting the context for the latter. It also includes an action plan for future improvements. The capital strategy also outlines the management and monitoring arrangements that the Council has in place for effective delivery of the strategy.
- 3.2.6 The strategy includes, at pages 30 to 31, the Council's capital funding strategy for 2009-10.

Capital Programme

- 3.2.7 The proposed capital programme for 2009-10 to 2011-12 is attached at Annex B. The programme is split between General Fund (GF) and Housing Revenue Account (HRA) schemes, and is made up of:
- Continuation schemes from previous years
 - New bids for 2009-10 starts;
- 3.2.8 The value of the total proposed capital programme for 2009-10 is £16.263m, as set out in the following table.

Capital Programme 2009-10	£m	£m
General Fund		
Continuations from prior years	2.254	
New bids supported by project appraisals	1.580	
		3.834
Housing Revenue Account (HRA)		
Continuations from prior years	0.800	
New bids supported by project appraisals	11.629	
		12.429
Total		16.263

3.2.9 The table below outlines key details of the nature and purpose of the new bids for capital schemes starting in 2009-10.

Scheme Reference & Description	Scheme Narrative	2009-10 £k	Future Years £k	Funding Source
General Fund				
2009-10/GF 007 Carbon Management Programme	To undertake a range of energy saving projects at various locations to reduce the carbon emissions of the Council in line with the adopted policy. This sets an ambitious target of achieving carbon dioxide emission reductions of 35% by 2012 from an agreed baseline (2005/6).	64	-	Revenue contributions from savings generated from the carbon reduction programme
2009-10/GF 022 Disabled Facilities Grants (Private Sector)	Provision of mandatory grants to assist eligible applicants to adapt their own homes to meet bathing and access issues as outlined in the Councils Housing Strategy 2006-11.	422	500	Government grant (2009-10); capital receipts (2010-11)
2009-10/GF 023 Call Care, replacement lifelines due to BT21CN	Call Care provides community alarm monitoring for the elderly and vulnerable in both Sheltered Housing and through independent lifeline units. Replacement of 347 Lifeline units is required to ensure compliance following upgrade of the BT network.	64	-	Revenue contribution, from increased Lifeline rental charges and Sheltered Housing contributions
2009-10/GF 024 UPS Eleonore House	Supply and installation of an Uninterruptible Power Supply (UPS), air conditioning unit and separate ring main on the electricity supply at Eleonore House to cover emergency situations when it is not possible to operate Call Care from Exeter Place.	9	-	Revenue contribution from increase in charges
2009-10/GF 026 Government of East Midlands (GOEM Projects)	GOEM funded schemes to improve properties that do not meet the Decent Homes Standard and are occupied by vulnerable persons in receipt of qualifying benefits. The project will contribute towards the Government's Decent Homes target of 70% by 2010 as outlined in the Council's Housing Strategy 2006-11.	600	-	Government grant

Scheme Reference & Description	Scheme Narrative	2009-10 £k	Future Years £k	Funding Source
General Fund continued				
2009-10/GF 033 Northgate Replacement Server - Guildhall	Replacement of the existing server that holds the main Northgate application for the administration of Revenues and Benefits, with a server capable of supporting the Microsoft version of the application and working in cluster architecture with a virtual server for continuity of service provision.	36	-	Prudential borrowing or capital receipts
2009-10/GF 038 McAfee Security Software	To purchase security software from McAfee that will be used to encrypt all the NBC 200 laptop hard drives. Also a software package that will restrict / block the use of any removable device that could be connected to our PCs or laptops.	35	-	Prudential borrowing or capital receipts
2009-10/GF 031 One Stop Shop Transformation	To transform and modernise the One Stop Shop to match demand and be fit for purpose. This includes creating a more flexible layout, maximising the space available, installing an effective queue management system, easily identified waiting areas, a plasma information screen, a better variety of seating options, and a children's play area.	250	-	£100k third party contributions; £150k Prudential borrowing or capital receipts
2009-10/GF 056 Wheeled bins and Recycling Boxes	Provision of new wheeled bins and flat recycling containers to replace those damaged, lost or stolen, and to provide new developments and convert those that are currently still using black sacks, with appropriate provision of receptacles for waste disposal and recycling to meet our current vehicles fleet methods of collection	100	-	Prudential borrowing or capital receipts

Scheme Reference & Description	Scheme Narrative	2009-10 £k	Future Years £k	Funding Source
HRA				
Decent Homes and Poor Condition Improvement	Capital works to be delivered to just under 4,000 council homes identified for investment over the next 4 years. The works include capital element replacement and major repair, to the internal and external of homes, communal areas and the environment, and extends to 17 areas of the town.	6,000	20,078	Supported borrowing; Major Repairs Reserve; capital receipts and revenue contributions. Also, in future years prudential borrowing.
Ad Hoc heating	An annual rolling programme to replace full or partial heating systems and boilers when they are proven to be beyond economical repair or have broken down irretrievably.	700	1,000	Major Repairs Reserve
Planned heating	A project to replace or install central heating and hot water systems in Council dwellings.	300	-	Major Repairs Reserve
Cooper Street (Internal works)	Internal works to Council owned properties in Cooper Street.	1,000	-	Major Repairs Reserve
Lifts	A continuing project to refurbish lifts serving Council flats, to include works to meet the Disabled Discrimination Act. Work to modernise lifts that are old and defective; works associated with the health and safety of engineers. Also to provide a second lift to Eleonore House, St James and Town Centre to meet the fire regulations.	520	100	Major Repairs Reserve
Door Entry	A project to replace and upgrade existing doors and door entry mechanisms to communal areas where there is currently none and there is an identified need; or where the existing provision is insufficiently secure or functional.	200	400	Major Repairs Reserve

Scheme Reference & Description	Scheme Narrative	2009-10 £k	Future Years £k	Funding Source
HRA continued				
Capital Voids	Some properties are in poor condition when coming void and if tenants have previously refused improvements may need bringing up to Decent Homes standard. Void turnaround time and re-letting times are key indicators for this authority.	1,600	3,200	Major Repairs Reserve
Minor Disabled Adaptions (Council Stock)	An annual rolling programme of minor adaptations for Council Tenants.	130	320	Major Repairs Reserve
Structures	An annual rolling programme of structural monitoring and maintenance for properties suffering from subsidence or similar building defects. Works carried out may include underpinning to individual dwellings or blocks, strengthening roofs, rebuilding cable end walls, installing beams supports.	200	400	Major Repairs Reserve
Ad Hoc Doors and Windows	A project to replace existing doors with GRP and to provide double glazing to properties where no access has been given on previous projects.	80	-	Major Repairs Reserve
Survey works	To carry out recommendations according to survey findings and ensure the work force and the public are safe in Council properties whether their home or as their work place.	100	200	Major Repairs Reserve
Disabled Adaptations	Provision of assistance for eligible Council Tenants to adapt the properties to meet bathing and access issues	300	750	HRA Revenue contribution
Garages	A garage review is currently underway to asses which garage sites are required for future use and which may provide development sites. Once retention garages are identified they will require refurbishment to allow them to be marketed and let.	100	200	Major Repairs Reserve

Scheme Reference & Description	Scheme Narrative	2009-10 £k	Future Years £k	Funding Source
HRA continued				
Fencing	Tenancy management and responsive repairs have identified that the fencing in particular estates are in a poor condition. There are sites which would require fencing where maintaining boundaries have health and safety or legal obligations, and definite impact on community safety	100	200	Major Repairs Reserve
Environmental Improvements	Capital works arising from the comprehensive estate walkabout programme introduced by housing, whereby local residents and partner agencies visit estates with Housing Officers and identify issues and concerns	300	600	Major Repairs Reserve

2009-10 Funding Issues

3.2.10 The table below outlines how it is planned to fund the proposed capital programme in 2009-10.

Funding source	GF	HRA	Total
	£m	£m	£m
Supported Borrowing	0	0.554	0.554
Prudential Borrowing	0.828	0	0.828
Capital Receipts	0.340	0.300	0.640
Major Repairs Allowance	0	10.914	10.914
Grants & Third Party Contributions	2.428		2.428
Revenue Contributions	0.238	0.661	0.899
Total	3.834	12.429	16.263

The Capital Programme and the Council's Corporate Priorities

3.2.11 Annex D sets out how the schemes in the proposed capital programme contribute to the Council's corporate priorities for 2008-2011.

Future Years

3.2.12 Bids for future year starts in 2010-11 and 2011-12 have been put forward in outline only, and are listed in Annex E. This includes bids that were not successful in going forward as part of the proposed programme for 2009-10.

3.2.13 The outline bids are included in the programme for planning purposes. Project appraisals will be completed for these bids during the year preceding the proposed start, and Council will decide which bids will be agreed for inclusion in the programme in the preceding February or March of each financial year. The resources available to fund the programme are expected to be constrained, and only a small proportion of the outline bids will therefore be able to be funded and included in the programme proposals for those years.

3.3 Choices (Options)

3.3.1 Cabinet are asked to recommend to Council that they approve the recommendations at paragraph 2.2.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The capital programme is set in the context of the Council's Capital Strategy. The Capital Strategy for 2009-10 to 2011-12 is attached at Annex A.

4.1.2 The approval of the capital programme 2009-10 forms part of the annual budget setting process, and if approved the programme and the strategy will become policy documents.

4.2 Resources and Risk

4.2.1 Members are required to agree a balanced capital programme. The 2009-10 draft programme at Annex B is fully funded, as set out at Annex C and paragraph 3.2.10 above, and therefore meets this obligation.

4.2.2 The revenue implications of each scheme included in the proposed capital programme for 2009-10 have been included in the revenue budget proposals for 2009-10 and future years. This includes debt financing budget impacts arising from prudential borrowing to support the programme.

It is proposed that unsupported (prudential) borrowing of £0.828m will be used to support the proposed capital programme in 2009-10. This will create a revenue commitment for interest payments in 2009-10 and a revenue commitment in for principal and interest in future years. The value of the principal element will vary in line with the new MRP (Minimum Revenue Provision) regulations, and an estimate has been provided for this, and for the interest repayments in the Council's debt-financing budget. Should the actual funding come from 'internal borrowing' - i.e. use of cash flow balances - the interest cost of borrowing will be replaced by a reduction in the interest earned on investments.

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

4.3 Legal

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

4.4 Equality

4.4.1 The Capital Strategy has undergone an Equalities Impact Assessment screening, which determined that a full Assessment was not required as there are no direct impacts on individuals from the Capital Strategy. The Initial EIA Screening document is attached at Annex F.

4.4.2 Each completed capital project appraisal includes responses to the following questions:

- State specifically the equalities issues that have been identified that this project will address?
- How will this project address the equalities issues that have been identified?

4.4.3 The Equalities Impact Assessment process will be undertaken for each scheme in the agreed capital programme as a condition of approval.

4.5 Consultees (Internal and External)

4.5.1 Consultations are undertaken in respect of individual schemes within the programme, and these are explained in the project appraisals.

4.5.2 The draft capital programme and the Capital Strategy have undergone public consultation as an integral part of the annual budget setting process. The consultation period finished on 30th January 2009.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 See paragraph 3.2.11 and Annex D

4.7 Other Implications

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

5. Background Papers

5.1 Cabinet Reports

- 22 December 2008 - Capital Programme 2009-10 to 2011-12

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

Northampton Borough Council

Capital Strategy

2009-10 to 2011-12

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INTRODUCTION AND BACKGROUND

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

The Government expects each local authority to produce an annual capital strategy; this has been a requirement since 2004-05. This document is the Council's three-year capital strategy for 2009-10 to 2011-12. It updates the capital strategy for 2008-09 to 2010-11 that was agreed by Council on 28 February 2008.

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

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

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

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

The three-year capital strategy will be updated on an annual rolling basis. The strategy for 2010-11 to 2012-13 will be prepared during the autumn of 2009, for consultation from December to January 2010 and agreement by the Council's elected members in February 2010.

LOCAL CONTEXT

Introduction

Northampton Borough is mainly made up of the town of Northampton itself. The town has an interesting and varied history, which is reflected in the various historic buildings that can be seen within the town.

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

Transport Networks

Northampton is well placed for access to major cities including London, Birmingham, Cambridge and Oxford, being roughly equidistant from all of these.

It has good road links to the surrounding towns of Bedford, Milton Keynes, Coventry and Leicester. The city is situated near the M1 (Junctions 15 and 15a) and is ideally placed for both London's and the Midlands' airports. It is situated on the main west coast rail line linking London Euston with Birmingham.

Area and Population

Northampton is the largest of the district councils with a population estimated to be 202,800 at mid 2007 (ONS revised mid 2007 population estimates published August 2008).

The area of the Borough of Northampton covers 8,080 hectares within which the town has well over 80,000 houses. This is due to increase significantly by the year 2021, while the population is projected to expand to approximately 300,000 people on the same timescale.

Council Services

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

ASSET MANAGEMENT PLANNING

The Corporate Asset Management Plan

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

The Corporate Asset Management Plan 2006-8 reviews the external environment, including the property market, environmental issues, and legislative issues, and its implications for asset management together with service delivery and related accommodation needs.

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

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

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

Fixed Assets Overview

Analysis of Fixed Assets – Movements in Year

The following table is a summary analysis of the Council's fixed assets as they appear in the Balance Sheet in the 2007-08 Statement of Accounts.

Operational Assets

	Council Dwellings	Other Housing Property	Other land & buildings	Vehicles plant, etc.	Infra-structure	Community Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Certified Valuation 31st March 2007	574,147	15,661	70,673	10,345	514	4,539	675,879
Accumulated dep'n & impairment	-8,290	-272	-2,769	-6,407	-179	-55	-17,972
Net book value 31st March 2007	565,857	15,389	67,904	3,938	335	4,484	657,907
Movement in 2007/08							
Additions	5,141	0	2,192	1,075	930	1,553	10,891
Disposal	-5,316	-246	-40	-1,416	0	-12	-7,030
Revaluations	40,854	923	7,654	0	0	12	49,443
Depreciation	-9,075	-271	-1,945	-686	-16	-11	-12,004
Depreciation Written Back	0	0	0	742	0	0	742
Impairments	-948	-382	-1,664	-2,771	0	0	-5,765
Adjustments/Transfers	-344	467	137	58	0	0	318
Depreciation Adj/Transfers	0	202	-179	-29	0	0	-6
Net book value 31st March 2008	596,169	16,082	74,059	911	1,249	6,026	694,496
Gross Valuation at 31st March 2008	614,482	16,805	80,616	10,062	1,444	6,092	729,501
Impairments at 31st March 2008	-948	-382	-1,664	-2,771	0	0	-5,765
Depreciation at 31st March 2008	-17,365	-341	-4,893	-6,380	-195	-66	-29,240
Net Book Value 31st March 2008	596,169	16,082	74,059	911	1,249	6,026	694,496

Non Operational Assets

	Works In Progress	Investment & Commercial	Surplus Assets	Total
	£000s	£000s	£000s	£000s
Certified Valuation 31st March 2007	3,179	41,728	865	45,772
Accumulated depreciation & impairment	0	-22	0	-22
Net book value 31st March 2007	3,179	41,706	865	45,750
Movement in 2007/08				
Additions	351	34	0	385
Disposal	0	0	-250	-250
Revaluations	0	2,213	181	2,394
Depreciation	0	-30	0	-30
Depreciation Written Back	0	23	0	23
Impairments	0	-588	0	-588
Adjustments/Transfers	-480	220	0	-260
Depreciation Adjustments/Transfers	0	-23	0	-23
Net book value of assets 31st March 2008	3,050	43,555	796	47,401
Gross Valuation at 31st March 2008	3,050	44,195	796	48,041
Impairments at 31st March 2008	0	-588	0	-588
Depreciation at 31st March 2008	0	-52	0	-52
Net Book Value 31st March 2008	3,050	43,555	796	47,401

Analysis of Fixed Assets by Category

31/03/2007		31/03/2008
Number	Operational Assets	Number
12,334	Council Dwellings	12,262
	Other Land and Buildings	
26	Council Houses not used as dwellings	27
98	Shared Ownership Properties	95
3,024	Council Garages	3,005
21	Other Housing Properties	20
69	Operational Shops	67
194	Other Garages	194
1	Guildhall	1
4	Sports & Leisure Centres	4
26	Community Centres	27
2	Museums, Art Galleries	2
1	Open Markets	1
26	Public Conveniences	15
5	Multi-Storey Pay & Display Car Parks	5
4	Local Area Offices	4
5	Central Administrative Offices	4
1	Theatres	1
1	Gypsy Site	1
1	Bus Station	1
17	Surface Pay & Display Car Parks	17
1	Depots	1
15	Sub-Depots	15
275	Commercial Property (Units)	284
1	Golf Course	1
74	Infrastructure	74
162	Vehicles, Plant, Furniture and Equipment	164
	Community Assets	
62.88ha	Allotments	62.88ha
887.45ha	Parks and Open Spaces	887.45ha
65.97ha	Agricultural Land	65.97ha
4	Historical Buildings	4
33	Monuments/Memorials/Exhibitions	33
6	Pavilions	6
6	Cemeteries	6
1	Civic/Mayoral Regalia	1
	Non-operational Assets	
1	Indoor Market/Arts Venue	1
70	Intangible Assets	78

CAPITAL STRATEGY

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

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

Particular emphasis will be given to schemes that:

- Achieve the Council's priorities
- Improve performance against national and local targets
- Improve efficiency and effectiveness in service delivery
- Promote partnership working

The capital strategy will be delivered through:

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

THE COUNCIL'S PRIORITIES AND THE COMMUNITY VISION

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

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

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

Council Priorities 2009/10

These are:

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

Our Partnership vision for Northampton

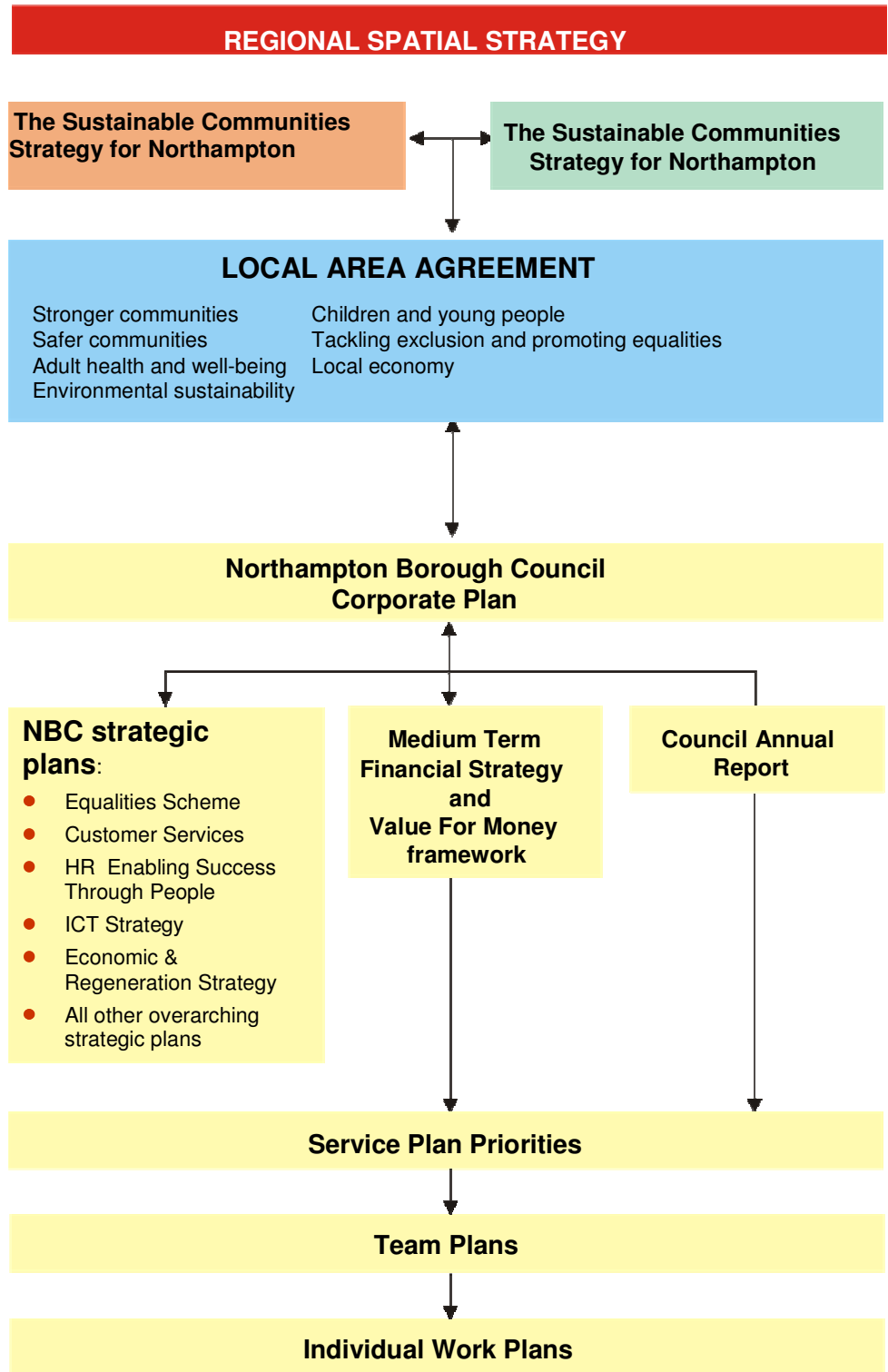
The Northampton Local Strategic Partnership have agreed the Sustainable Communities Strategy for Northampton, which incorporates the key themes from the county-wide strategy and focuses on key strategic objectives local to Northampton:

By 2011 Northampton will be:

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

Our Corporate Plan 2008/11 sets out how the Council contributes to the achievement of these objectives. The following illustration shows the relationship between these key plans.

How we deliver
our key strategies



COUNCIL PLANS AND STRATEGIES

The Corporate Plan

The revised Corporate Plan for 2009-12 will be taken to Cabinet on 19 February 2009 for recommendation to Council, which meets on 26 February 2009. The Plan is important because it sets out the priorities and objectives for the next 3 years

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

To do this we will prioritise the following management aims of our business:

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

The Capital Strategy

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

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

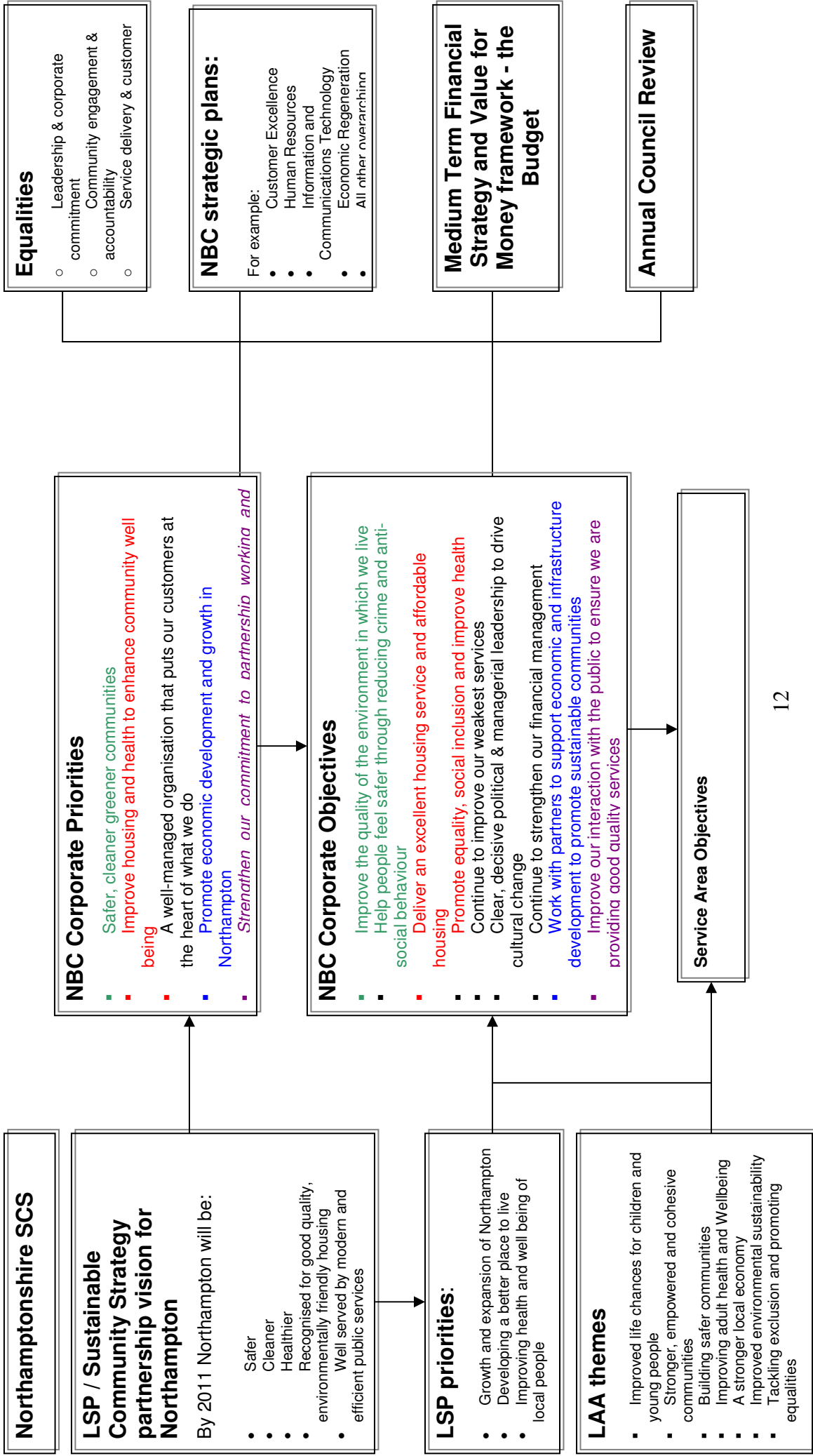
Service Plans and Strategies

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

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

The following illustration shows how the Corporate Plan and strategies link together.

NBC Corporate Plan 2008-11 - Strategic Map



AFFORDABILITY, SUSTAINABILITY, PRUDENCE AND VALUE FOR MONEY

The Prudential Code

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

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

Affordability

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

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

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

Prudence and Sustainability

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

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

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

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

Northampton Borough Council and The Prudential Code

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

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

Setting of prudential indicators	February
First monitoring report (April to July)	September
Second monitoring report (April to November)	January
Outturn report	September

Additional reports may be taken at any time if the need arises – for example if the Council’s Chief Finance Officer were to identify an actual or likely breach of the existing approved indicators.

Value for Money

Taking into account value for money considerations in capital investment is essential if the best services are to be provided to local citizens for the best price. The Council is committed to making continuous improvements to processes and practices to increase value for money. Those that are embedded or being developed include:

- Improvements to procurement
- Investing to improve performance
- Working with partners to improve efficiency

Minimum Revenue Provision (MRP)

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

New regulations, which came into force in February 2008, now require the Council to make instead ‘prudent provision’ for the repayment of debt. A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment of debt should be aligned to the useful life of the asset or assets to which it relates.

The authority is required, under the new regulations, to prepare an annual statement of their policy on making MRP for submission to Council. The Council’s policy statement on MRP for 2009-10 (which also applies to 2008-09) is set out in the annual Treasury Strategy.

PARTNERSHIP WORKING

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

WNDC is the main partner relevant to the Council's capital strategy and is the body responsible for the development funds for projects in the area.

WNDC's overall aim is:

“To promote and deliver the sustainable regeneration and growth of West Northamptonshire within the context of the national policy set out in the Sustainable Communities Plan, the plans for the wider Milton Keynes and South Midlands sub-region, and for the East Midlands region as a whole.”

Other important partnerships relevant to the capital strategy include the Local Strategic Partnership (LSP), the Town Centre Partnership, and the Community Safety Partnership.

The Council is also a member of the Northamptonshire Partnership, recognised by the East Midlands Development Agency (EMDA) as a sub regional strategic partnership. Such partnerships have an economic focus and are to be the main vehicle for the disbursement of EMDA funding in the future.

Local Area Agreement

The LAA2 is a 3-year agreement decided between government, the local authority and its partners in an area (working through the local strategic partnership) to improve public services. The agreement is refreshed annually.

The primary objectives of the Northamptonshire LAA2 are to maximise opportunities for all communities through growth (specifically arising from the Sustainable Communities Plan and the Milton Keynes South Midlands growth policy), tackle urban and rural deprivation and improve life chances for all.

The LAA2 has been developed through the 7 themes identified by Government against which the National Indicator Set (NIS) has been placed. These 7 LAA themes have now been translated into high priority outcomes for Northamptonshire: -

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

The LAA2 is based upon outcomes, indicators and targets, a number of which are mandatory.

The benefits of the LAA2 are that it:

- Simplifies arrangements for pooled funding streams from central government to Local Authorities
- Helps join up public services more effectively, thus allowing greater flexibility for local solutions to local circumstances
- Helps to devolve decision making away from government
- Reduces bureaucracy associated with administering multiple funding streams.

Other Partnerships

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

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

CONSULTATION

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

Consultation helps the Council to carry out its work better. It helps the Council to:

- Plan and deliver better quality services
- Discover which services need to be improved and what the Council's priorities should be
- Make sure that services focus upon what people need
- Have a good relationship between the Council and the people who use its services
- Show people that the Council is committed to being open and accountable
- Make sure that the standards set by the Council to judge its performance are relevant to people's needs

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

The tool kit is broken down into eight steps

Step 1 - Defining the project aims and objectives

Step 2 - Resourcing the consultation

Step 3 - The level and method of consultation required

Step 4 - Identifying with whom to consult

Step 5 - Making sure the consultation is inclusive

Step 6 - Planning the consultation

Step 7 - Using the results

Step 8 - Evaluation of the consultation

In addition to the eight steps the toolkit also prompts the consideration and use of the following:

- Minimum Standards
- Consultation Brief
- Consultation Evaluation Form
- Consultation Monitoring Form
- Consultation Equality Impact Assessment Questionnaire

Area Partnerships

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

Tenant Board

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

The Tenants Board is a new body to be escalated which has wider tenant membership than that provided by the N-TACT structure. It will consist of a varying tenant membership rather than a fixed membership. The mechanisms for selecting tenants will be tenant owned.

Housing Strategy Steering Panel

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

Consultation and Capital Investment

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

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

The Local Strategic Partnership spent time listening to the people who live and work in Northamptonshire as they developed the community vision and strategy to 2031.

The Council consults widely with its citizens and stakeholders when it sets its vision, values and Council priorities.

The Council operates a Citizens' Panel in order to give residents the opportunity to take part in consultation.

As well as the high level consultation outlined above, project managers are also expected to consult with citizens and stakeholders when developing their specific capital investment plans. Project appraisals specifically ask for details of any consultations with stakeholders and others.

LOCAL AND NATIONAL TARGETS

Local Targets

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

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

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

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

National Targets

Since the aim of both national and local government is to deliver quality services for citizens, in most cases national targets dovetail with local targets and the two can be dealt with in tandem. Many of the statutory National Indicators (N.I.s) fall under this umbrella. However, in a political environment, there are cases where the Council has to keep in mind national targets that may not necessarily tie up with local priorities; and this also needs to be addressed.

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

Efficiency Targets

As part of the Government's 2007 Comprehensive Spending Review it was announced that all local authorities are expected to achieve at least 3% incremental cashable annual efficiency savings target over the spending review period (2008/09 to 2010/11).

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

EQUALITIES

The Council's Approach to Equality

As a service provider and commissioner, employer and community leader, the Council is committed to promoting equality of opportunity and good community relations, and to tackling all forms of discrimination, through the Council's role. The Council will work with its partners in the private, public and community sectors to achieve these objectives.

The Council values the diversity of Northampton and recognises it as one of its greatest assets.

Equalities work focuses on developing and implementing policies, procedures and practices to promote equality for:

- Individuals and communities covered by UK and European anti-discrimination legislation
- People who experience direct and indirect discrimination and the subsequent disadvantages that can follow from this discrimination

The Council has adopted the Equality Standard for Local Government and has made significant progress towards achieving Level 3 of the Standard having achieved Level 2 since last year's Capital Strategy was adopted.

Promoting Equalities through the Capital Programme

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

Each completed project appraisal includes responses to the following questions:

- State specifically the equalities issues that have been identified that this project will address?
- How will this project address the equalities issues that have been identified?

The project manager for each capital scheme is responsible for ensuring that an Equalities Impact Assessment is completed appropriately for each scheme in the capital programme.

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

POLITICAL AND CORPORATE MANAGEMENT STRUCTURES

Political Management Structures

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

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

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

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

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

Corporate Management Structures

The Council operates a directorate structure, overseen by the Management Board, which is led by the Chief Executive.

Project Management

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

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

PERFORMANCE MANAGEMENT

Corporate Capital Groups

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

This group is called the Capital Accounting User Group (CAUG), and brings together officers from both the Finance and Assets teams of the Council with a view to improving in a joined up fashion.

Comprehensive Area Assessment (CAA) and Performance Management

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

From 2008/09 the CAA is replacing the previous performance inspection regime of Comprehensive Performance Assessment (CPA).

It is expected that the CAA will be an important driver for improving local authorities' performance in delivering services for local people, as the CPA was before it.

The assessments are carried out by the external auditors, KPMG, and reviewed by the Audit Commission. They are updated on an annual basis, bringing together existing information on service performance in councils into a corporate assessment of each council's ability to improve. This is used to reach an overall conclusion about whether a council is: excellent, good, fair, poor, or weak.

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

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

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

Performance Management

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

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

The PMF sets out the flow of management information across the Council. Monthly Operational Managers reports², completed by Level 4 managers, detail progress against targets for services. Performance indicators collected monthly, quarterly or annually are reported on their own timelines³. We use traffic light coding to clearly identify whether progress to meet targets is on track. Performance is discussed within service areas at monthly performance clinics⁴.

Performance and finance is monitored closely by Cabinet and senior management⁵. The Leader works with the Portfolio Holder for Performance and Cabinet and the relevant Overview and Scrutiny Committee to regularly review performance.

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

¹ Performance Management Framework (part 1 & 2)

² Operational Manager Report CD (Aug 08)

³ Monthly and Quarterly performance reports (June 08)

⁴ Performance Clinic documents

⁵ Cabinet and Overview and Scrutiny Performance Reports

BUILDING AND MONITORING THE CAPITAL PROGRAMME

Capital Programme 2009-10 to 2011-12

Project appraisals have been completed for all 2009-10 capital programme bids. Each project appraisal demonstrates how the scheme will contribute to the Council's corporate priorities as set out in the Council's Corporate Plan.

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

Cabinet will be asked to recommend to Council that Cabinet be authorised, once the programme has been set, to approve new capital schemes, and variations to existing schemes, arising during 2009-10, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.

Bids for future year starts have been put forward in outline only, and these are included in the programme for planning purposes. Project appraisals will be completed for these bids during the year preceding the proposed start, and Council will decide which bids will be agreed for inclusion in the programme in the preceding February or March of each year.

Building the Capital Programme

Timetables

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

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

The latter are not guaranteed for inclusion in the future programme, but they are important for medium term planning.

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

May to July	Medium term planning process begins.
July/August	Capital programme launch workshops offered to all project managers and finance staff. Draft short bid forms for new starts completed by project managers and reviewed by Finance.

Sept/October	<p>All short bids, future year bids and revenue implications checked against Medium Term Planning Options by Finance.</p> <p>Short bid forms signed off and returned to Finance – Management Board review and prioritise the short bid forms.</p> <p>First draft programme (including continuations) and first draft financing spreadsheet put together by Finance.</p> <p>Debt financing budget implications calculated by Finance.</p> <p>Full appraisals are requested from project managers for the prioritised schemes. These are reviewed in Finance and presented to Management Board.</p> <p>Project appraisals 'scored' by Finance.</p>
November	Future year proformas for new starts for the subsequent two years received by finance.
December	<p>Notification of government funding allocations.</p> <p>Report to Cabinet for consultation, including Capital Strategy.</p>
January	Reports to Overview and Scrutiny Committee - prioritised programme.
February	Cabinet recommend draft programme to full Council for agreement Council agree the Capital Programme.

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

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

Short Bid Forms

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

Project Appraisals

All bids for inclusion in the capital programme are supported by a project appraisal, the preparation of which is the responsibility of the budget holder or project manager. The appropriate council officers and Cabinet Member(s) sign off the appraisal. This is to show that they are aware of and support the scheme, but these signatures do not constitute approval for the scheme to go ahead.

There are two versions of the full project appraisal format:

- Single projects
- Block appraisals

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

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

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

The project appraisal format is reviewed on an annual basis as part of a policy of continuous improvement and to take into account any relevant changes that may have an impact. Copies of the current project appraisal formats (as used for the Council's 2009-10 to 2011-12 capital programme build) are available on the intranet. See Annex D, or follow the link attached: [Single projects](#) & [Block appraisal](#).

Prioritising projects

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

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

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

- The Council's objectives and priorities
- Partnership working
- Improvements in performance indicators
- Efficiency savings
- The delivery of service objectives
- Equalities
- Value for money
- Other corporate objectives
- Legal commitments or statutory duties
- Environmental impacts
- Extent of ring fenced or specific funding
- Levels of financial risk involved
- Impact on the revenue budget

Scoring the bids enables officers to put forward a recommended programme that is within available resources. The prioritised programme is for guidance only. Members are

responsible for agreeing the capital programme and have the discretion to include or exclude schemes as they deem appropriate.

A copy of the Council's capital scheme scoring sheet for the 2009-10 programme is attached is part of the appraisal document. See Annex E, or follow the link attached: [Capital Project Scoring Sheet](#). The scoring framework will be reviewed on an annual basis as part of a policy of continuous improvement and to take into account any relevant changes that may have an impact.

Future year starts

Outline plans for proposed new starts for the subsequent two years of the capital programme planning cycle are included for outline planning purposes and are not subject to prioritisation at this stage. A full appraisal will be submitted for each of these schemes as part of the capital programme build for the relevant year.

Project Managers

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

This includes ensuring that:

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

Project managers are also responsible for carrying out project reviews following scheme completion. This is an area of work that the Council needs to develop further, and it is intended that corporate guidance will be issued during 2009/10.

Directorate Management Teams

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

Finance – Capital and Treasury Team

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

They also have a key role in consolidating and co-ordinating the monitoring information that is required for reporting purposes. This involves reporting to Directorate Management

Teams, Management Board and Cabinet. The team is also responsible for ensuring that the agreed programme is fully financed at all times.

Capital Programme Monitoring

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

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

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

Changes to the Agreed Programme

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

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

Proposed additions to the programme

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

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

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

Amendments to Existing Schemes

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

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

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

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

FINANCING CAPITAL EXPENDITURE

Overview

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

Capital Receipts

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

NBC do not always receive the full value of these asset sales as some of them are subject to "clawback" arrangements whereby a proportion of the capital receipt must be paid over to English Partnerships (EP).

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

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

Since the cessation of new council house build, the housing stock has gradually decreased year on year. As at 31 March 2008, the Council's housing stock stands at 12,262 dwellings, a reduction of 72 on the previous year. The amount of receipts released by right to buy sales is dependent on both the stock itself and on economic and market conditions.

Prudential Borrowing

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

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

Supported Borrowing

The other form of borrowing available for funding the capital programme is supported borrowing. This is where the costs of the borrowing are recognised in the formula grant

settlement and are therefore 'supported'. Note however that the formula grant does not cover the full cost of the borrowing undertaken following a supported borrowing allocation. As a district authority supported borrowing allocations are limited.

Government Grants

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

The largest government grant received by NBC to support the capital programme is the Major Repairs Allowance (MRA) - £7.83m in 2008-09 - provided for the express purpose of maintaining the Council's housing stock in its current condition. Other examples from the 2008-09 programme include £395k towards the provision of mandatory disabled facilities grants.

Third Party Contributions

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

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

- Planning obligations funding from Section 106 agreements (developer contributions)
- National Lottery grants
- Contributions from local bodies, for example parish councils
- Contributions from national bodies, for example the Football Association

Revenue Contributions

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

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

Funding Strategy

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

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

The Council's capital funding strategy for 2009/10 is set out below:

Funding streams are allocated in the following ways:

- General Fund capital receipts are not allocated or committed prior to receipt, unless inextricably linked to a specific project.
- Usable capital receipts from the sale of council housing stock under right to buy legislation are directed at the HRA capital programme to meet the requirements of

decent homes targets. This is a change in policy from previous years, as these receipts have previously been used towards General Fund expenditure.

- Usable capital receipts from other asset sales other than RTB, whether HRA or General Fund, are used towards General Fund capital projects. This reflects the fact that the Council is not currently in a financial position to be able to direct all HRA receipts towards the HRA programme. However this policy may be reviewed in future years
- General fund capital receipts received during the year will be added to the un-earmarked general fund capital reserve (see below) and taken into account as a potential funding source for new schemes or variations in the relevant financial year or the following financial year, subject to revenue budget considerations e.g. debt financing budget implications.
- Capital Reserves – In order to create some funding resilience in the capital programme it is proposed that a minimum level of capital reserves be built up over the next three years. It is proposed that, after the application of any capital receipts required for funding the main capital programme as approved in February 2009, un-earmarked general fund capital receipts be set aside in an un-earmarked general fund capital reserve up to a value of £100k for 2009/10.
- It is proposed that the capital reserve be built up gradually in this way to a minimum level of £200k in 2010/11 and rising to the desired minimum level of £300k in 2011/12.
- The only call on the un-earmarked general fund capital reserve during the year would be for unforeseen emergency capital works that cannot be financed from alternative sources. Agreement will be through the normal channels – that is the submission of a project appraisal or variation to Cabinet.
- Hypothecated funding – i.e. funding linked directly to a specific scheme or service area, such as grants, third part contributions, revenue contributions and supported borrowing – is allocated 100% to the relevant scheme or service.
- Major Repairs Reserve - In line with the statutory requirement, the Major Repairs Reserve is entirely earmarked for HRA capital expenditure on the Council's housing stock
- Supported Borrowing will be used if the unsupported element is sustainable.
- Unsupported Borrowing (Prudential Borrowing) will be used to fund capital investment if the cost of the borrowing is sustainable. Ideally the capital investment itself will produce revenue savings, which will cover the cost of borrowing to invest.

The funding strategy is used to determine the allocation of funding to the programme at the start of the year and throughout the year. However at year-end the Capital and Treasury Team, under the direction of the Chief Finance Officer, will apply the available funding to the outturn expenditure in line with the best interests of the Council.

Revenue Implications of Capital Projects

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

Leasing

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

Recent changes to the rules around local authority leasing have moved the regulatory framework from a very prescriptive regime, in which finance leases were avoided because of the prohibitive impact on the capital programme, to an emphasis on generally accepted accounting practice (GAAP).

In order to demonstrate and achieve best value, before leases are entered into, a full evaluation is carried out by the Council's leasing advisors, Sector Consulting Ltd. This compares the whole life costs of an operating lease, a finance lease and prudential borrowing and also the quality of the lease being offered. A decision is then made by the Council as to which option offers the best value for money.

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

The Capital and Treasury Team is responsible for advising on and arranging all leases for the Council in conjunction with the Procurement Team. This includes ensuring that all requirements are met, as the rules around leasing are complex.

RISK MANAGEMENT

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

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

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

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

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

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

Financing Risks

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

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

In respect of the borrowing requirements of the capital programme, debt financing revenue costs relating to past and current capital programmes are estimated in accordance with proper practices, and with an inclination to prudence.

The debt maturity profile is actively managed to a limit of no more than 15% of total debt maturing in any one year, ensuring that the Council is not exposed to unmanageable risks if interest rates become volatile.

PURCHASING PROTOCOLS

Procurement Strategy 2008-11

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

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

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

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

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

Procurement Team

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

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

- Annex A -

Committee Structure and Cabinet Member Portfolios

Portfolios of Cabinet Members

Cllr Anthony Woods
Leader of the Council

Partnerships, Policy & Improvement

Partnership and Improvement
Policy and Communications

Cllr Brendan Glynane
Deputy Leader of the Council

Community Safety & Engagement

Leisure & Culture
Community Engagement
Safer Stronger Northampton Partnership

Cllr Sally Beardsworth

Housing

Housing Directorate

Cllr Richard Church

Planning & Regeneration

Regeneration
Planning
Market Square

Cllr Maria-Trinidad Crake

Environment

Neighbourhood Services
Public Protection

Cllr Brian Hoare

Performance and Support Services

Performance
Human Resources
Customer Services
ICT
Legal Services

Cllr Malcolm Mildren

Finance

Finance & Assets
Revenues & Benefits
Procurement

Northampton Borough Council Committee Structure

Council

Cabinet

Audit Committee

Overview and Scrutiny Committees

Appointments and Appeals Committee

General Purposes Committee

Standards Committee

Planning Committee

Licensing Committee

Licensing Sub Committee

- Annex B -

Extracts from Financial Regulations

(as agreed by Council 19 November 2007)

3.9 Capital Strategy

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

3.10 Capital Budget

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

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

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

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

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

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

3.11 Asset Management Plan

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

4.6 Capital Monitoring

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

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

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

5.8 Assets

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

- Annex C -

Short Bid Form

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2009-10 Capital Appraisal Bid \(Short Form\)](#)

Alternatively please contact the Council's Capital and Treasury Team on 01604 837401 or by e-mail at capitalappraisals@northampton.gov.uk

- Annex D -

Project Appraisal Forms:

Single Project Appraisal

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2009-10 Capital Appraisal Form - In Year](#)

Block Appraisal

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2009-10 Capital Appraisal Form - In Year - Block Form](#)

Alternatively please contact the Council's Capital and Treasury Team on 01604 837401 or by e-mail at capitalappraisals@northampton.gov.uk

- Annex E -

Capital Scheme Scoring Sheet

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2009-10 Capital Project Scoring Sheet](#)

Alternatively please contact the Council's Capital and Treasury Team on 01604 837401 or by e-mail at capitalappraisals@northampton.gov.uk

- Annex F -

Project Variation Form

This can be found on the Council's intranet at: Home | Downloads | Finance and Support | Finance and Assets | Documents and Policies | [2009-10 Capital Appraisal Variation Form](#)

Alternatively please contact the Council's Capital and Treasury Team on 01604 837401 or by e-mail at capitalappraisals@northampton.gov.uk

- Annex G -

Key to Abbreviations and Acronyms

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

ODPM	Office of the Deputy Prime Minister
ONS	Office of National Statistics
PI	Performance Indicator
RIAG	Repairs & Investment Action Group
SORP	Statement Of Recommended Practice
WNDC	West Northamptonshire Development Corporation

- Annex H -

Glossary of Terms

Asset Management Plan (AMP)

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

Best Value

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

Best Value Performance Plan

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

Capital Expenditure

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

Capital Programme

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

Capital Receipts

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

Capital Reserve

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

Capital Strategy

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

Community Strategy

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

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

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

Comprehensive Performance Assessment (CPA)

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

Comprehensive Area Assessment (CAA)

The replacement inspection scheme replacing the CPA.

Comprehensive Spending Review

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

Corporate Plan

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

Cross Cutting

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

Debt Financing Budget

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

Disability Discrimination Act 1995

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

Fixed Assets

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

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

Local Strategic Partnership

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

Medium Term Plan

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

Performance Measures

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

Performance Indicators

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

Procurement

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

Prudential borrowing

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

Prudential Code

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

Prudential Indicators

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

Ring Fenced Funding

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

Section 151 Officer

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

Service Plans

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

Supported Borrowing

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

Useful Life

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

Whole Life Costs

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

- Annex I -

Feedback Form

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

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

Please email comments to:

bdixon@northampton.gov.uk

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

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

Capital Programme 2009-10 to 2011-12

Appraisal Ref	Scheme Title	Scheme Total (All Years)	2009-10		2010-11	2011-12
			Prior Years	Scheme Total	Scheme Total	Scheme Total
		£	£	£	£	£
Capital Programme - General Fund						
Continuations from previous years						
2007-08/ PR 003	Environmental and Recreation Improvements - Spring Lane Victorian Annex	13,615	10,515	3,100		
2008-09/GF 040	Disabled Facilities Grant (Private Sector)	1,700,000	1,300,000	400,000		
2008-09/GF 047	IT Network Replacement Programme	416,700	282,500	134,200		
2008-09/GF057	Upton Country Park Pedestrian & Cycle Bridge	760,000	85,000	675,000		
2008-09/GF 061	Out of School Hours Inclusive Play Activities Project	9,400	0	5,667	1,400	2,333
2008-09/GF 062	Holiday Play Project	10,200	1,983	3,400	3,400	1,417
2008-09/GF 063	Improving Access Project	180,000	100,000	40,000	40,000	0
2008-09/GF 064	Innovative Play Days Project	1,800	350	600	600	250
2008-09/GF 066	Sport and Recreation in Becketts Park	46,115	35,000	11,115		
2007-08/GI 010	OneStopShop and CRM	422,711	202,711	220,000		
2007-08/GI 005	Core Financials inc 5.5 & AR	600,000	500,000	100,000		
2008-09/GF 073	Money 4 Youth: Youth Capital Fund	219,971	126,657	46,657	46,657	
2008-09/GF 036B	Carbon Management Programme - Part 1	173,256	117,476	55,780		
2008-09/GF 045B	Carbon Management Programme - Part 2	26,620	18,620	8,000		
2008-09/GF 075	Housing & Planning Delivery Improvements	426,987	26,987	200,000	200,000	
2007-08/GI 009	E payments Chip & Pin Payments	120,000	93,200	26,800		
2008-09/GF 043	E Benefits Application	111,265	81,665	29,600		
2008-09/GF 080	EDT Flow	19,000	17,000	2,000		
2008-09/GF 068	Markets Square Project	714,400	345,000	291,800	77,600	
2009-10 New Starts						
2009-10/GF 007	Carbon Management Programme	64,399		64,399	0	0
2009-10/GF 022	Disabled Facilities Grants (Private Sector)	922,000		422,000	500,000	0
2009-10/GF 023	Call Care, replacement lifelines due to BT21CN	63,763		63,763	0	0
2009-10/GF 024	UPS Eleonore House	8,554		8,554	0	0
2009-10/GF 026	Government of East Midlands (GOEM Projects)	600,000		600,000	0	0
2009-10/GF 033	Northgate Replacement Server - Guildhall	36,500		36,500	0	0
2009-10/GF 038	McAfee Security Software	35,000		35,000	0	0
2009-10/GF 031	One Stop Shop Transformation	250,000		250,000	0	0
2009-10/GF 056	Wheeled bins and recycling boxes	300,000		100,000	100,000	100,000
Total 2009-10 Continuations and New Starts - General Fund		8,252,256	3,344,664	3,833,935	969,657	104,000

Capital Programme 2009-10 to 2011-12

Appraisal Ref	Scheme Title	Scheme Total (All Years)	2009-10		2010-11	2011-12
			Prior Years	Scheme Total	Scheme Total	Scheme Total
		£	£	£	£	£
Capital Programme - HRA						
Continuations from 07/08						
2007-08/CS 001	Cooper Street Heating Replacement Phase 2	933,420	683,420	250,000		
2007-08/CS 013	Lift refurbishment project	654,750	190,000	464,750		
2007-08/CS 026	IBS Open Housing	703,969	619,097	84,872		
2009-10 New Starts						
TBA	Decent Homes and Poor Condition Improvement	26,077,511		6,000,000	10,077,511	10,000,000
TBA	Adhoc heating	1,700,000		700,000	500,000	500,000
TBA	Planned heating	300,000		300,000	0	0
TBA	Cooper street (Internal works)	1,000,000		1,000,000	0	0
TBA	Lifts	619,570		519,570	100,000	0
TBA	Door entry	600,000		200,000	200,000	200,000
TBA	Capital Voids	4,800,000		1,600,000	1,600,000	1,600,000
TBA	Minor Disabled Adaptions (Council Stock)	450,000		130,000	150,000	170,000
TBA	Structures	600,000		200,000	200,000	200,000
TBA	Adhoc doors & windows	80,000		80,000	0	0
TBA	Asbestos removal	300,000		100,000	100,000	100,000
TBA	Disabled Adaptations	1,050,000		300,000	350,000	400,000
TBA	Garages	300,000		100,000	100,000	100,000
TBA	Fencing	300,000		100,000	100,000	100,000
TBA	Environmental Improvements	900,000		300,000	300,000	300,000
Total 2009-10 Continuations and New Starts - HRA		41,369,220	1,492,517	12,429,192	13,777,511	13,670,000
TOTAL GENERAL FUND & HRA		49,621,476	4,837,181	16,263,127	14,747,168	13,774,000

Capital Programme 2009-10 - Forecast of Capital Financing

GENERAL FUND

	2009-10 £	2010-11 £	2011-12 £
<u>Available Financing</u>			
Borrowing			
Unsupported (Prudential) Borrowing B/fwd	308,290	0	0
Unsupported (Prudential) Borrowing New	519,300	0	0
Grants & Third Party Contributions			
Continuation Schemes	1,306,129	369,657	4,000
New starts 2009-10	1,122,000	0	0
Capital Receipts			
Capital Reserve	339,500	0	0
Forecast Capital Receipts	0	600,000	100,000
Revenue Contributions			
Continuation Schemes	102,000	0	0
New starts 2009-10	136,716	0	0
Available Financing	3,833,935	969,657	104,000
<u>Financing Commitments</u>			
Continuation Schemes	2,253,719	369,657	4,000
New starts 2009-10	1,580,216	600,000	100,000
Draft Capital Programme	3,833,935	969,657	104,000
Financing Excess/(Shortfall)	0	0	0

Note

1) Figures exclude future new bids 2010-11 onwards

2) For planning purposes, the capital receipts forecasts for future years 2010-11 and 2011-12 are estimated at levels that will meet the funding requirement for each year. These figures will be revisited when the programmes for those years are set.

Capital Programme 2009-10 - Forecast of Capital Financing

HRA	2009-10 £	2010-11 £	2011-12 £
<u>Available Financing</u>			
Borrowing			
Supported Borrowing B/fwd	53,739	0	0
Supported Borrowing	500,000	500,000	0
Unsupported (Prudential) Borrowing	0	570,535	5,070,000
Grants			
Major Repairs Reserve B/fwd	7,264,570	4,306,976	0
Major Repairs Reserve	7,956,528	8,100,000	8,300,000
Major Repairs Reserve C/fwd	(4,306,976)	0	0
Capital Receipts			
Right to Buy Capital Receipts	300,000	300,000	300,000
Revenue Contributions			
Revenue Contributions B/fwd	661,331	0	0
Available Financing	12,429,192	13,777,511	13,670,000
<u>Financing Commitments</u>			
Continuation Schemes	799,622	0	0
New starts 2009-10	11,629,570	13,777,511	13,670,000
Draft Capital Programme	12,429,192	13,777,511	13,670,000
Financing Excess/(Shortfall)	0	0	0

1) Figures exclude future new bids from 2010-11 onwards. However as the HRA is substantially a three year continuation programme these are expected to be minimal.

2) For planning purposes, prudential borrowing has been identified as a funding source to meet the full cost of the planned HRA programme in 2010-11 and 2011-12. These figures will be revisited when the programmes for those years are set.

The Capital Programme and the Council's Corporate Priorities

		Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
		We will help our communities become safer, greener, and cleaner	We will improve housing and health to enhance the wellbeing of our communities	We will be a well managed organisation that puts our customers at the heart of what we do	We will promote economic development and growth in Northampton	We will strengthen our commitment to partnership working and engaging with communities to deliver better outcomes
General Fund (New Bids)						
2009-10/GF 007	Carbon Management Programme	✓				✓
2009-10/GF 022	Disabled Facilities Grants (Private Sector)		✓		✓	✓
2009-10/GF 023	Call Care Replacement Lifelines (BT21CN)	✓		✓		✓
2009-10/GF 024	UPS Eleonore House	✓		✓		✓
2009-10/GF 026	GOEM Projects		✓		✓	✓
2009-10/GF 033	Northgate Replacement Server – Guildhall		✓	✓		
2009-10/GF 038	McAfee Security Software			✓		
2009-10/GF 056	Wheelie Bins	✓				✓
2009-10/GF 031	One Stop Shop Transformation	✓	✓	✓	✓	✓

The Capital Programme and the Council's Corporate Priorities

		Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
		We will help our communities become safer, greener, and cleaner	We will improve housing and health to enhance the wellbeing of our communities	We will be a well managed organisation that puts our customers at the heart of what we do	We will promote economic development and growth in Northampton	We will strengthen our commitment to partnership working and engaging with communities to deliver better outcomes
HRA (New Bids)						
2009-10/HRA 001	Disabled Adaptations		✓		✓	✓
TBA	Decent Homes and Poor Condition Improvement	✓	✓			
TBA	Adhoc heating		✓			
TBA	Planned heating		✓			
TBA	Cooper street (Internal works)		✓			
TBA	Lifts		✓			
TBA	Door entry	✓	✓			
TBA	Capital Voids		✓			
TBA	Minor Disabled Adaptions (Council Stock)		✓			

The Capital Programme and the Council's Corporate Priorities

		Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
		We will help our communities become safer, greener, and cleaner	We will improve housing and health to enhance the wellbeing of our communities	We will be a well managed organisation that puts our customers at the heart of what we do	We will promote economic development and growth in Northampton	We will strengthen our commitment to partnership working and engaging with communities to deliver better outcomes
HRA (New Bids) - continued						
TBA	Structures		✓			
TBA	Adhoc doors & windows	✓	✓			
TBA	Asbestos removal	✓	✓			
TBA	Disabled Adaptations		✓			
TBA	Garages		✓			
TBA	Fencing		✓			
TBA	Environmental Improvements	✓	✓			

Capital Programme 2009-10 to 2011-12 - Future Year Outline Plans

Scheme Title	2009-10	2010-11	2011-12
	Scheme Total (All Years)	Scheme Total	Scheme Total
	£	£	£
Note			
The following are outline plans for future years. Decisions on which of the following schemes will be included in the Council's capital programme will be made when the programme is set by Council prior to the start of each year.			
Capital Programme - General Fund			
Short Bids	(Put forward for 2009-10 starts, but not included in the proposed capital programme 2009/10)		
Health and Safety Audit- ANT Auditor Software	9,620	9,620	
Harlestone Road Allotments Improvements	130,000	130,000	
2 Bedroom flat at 2 St Lukes House	12,000	12,000	
Improvements to Admin Offices	390,000	390,000	
Unex Faliures Provision	100,000	100,000	
Improvements to Car Parks	184,000	184,000	
1 & 2 Abington Park Cottages	89,000	89,000	
Abington Park Public Conveniences (Bowling Green)	75,000	75,000	
Disabled and Physical Adaptions to Corporate Properties Provision	200,000	200,000	
Fire Risk Assesment purusant to Regulatory Reform Order 2005	250,000	250,000	
Refurbishment of Cemeteries	228,000	228,000	
Works to Churchyards	100,000	100,000	
Community Centres Refurbishements	29,000	29,000	
Works to Gretfriars complex including bus station	150,000	150,000	
Refurbishment of Parks & Open Spaces	221,000	221,000	
Water Management Related Works	100,000	100,000	
Fernie Field Ground Works	241,000	191,000	50,000
Decent Homes Assistance	600,000	600,000	
Empty Homes	250,000	250,000	
Heatstreets Plus	50,050	50,050	
Hot Property (Standard and Premier)	40,000	40,000	
Renovation & Home Repair Assistance	200,000	200,000	
Kingsthoupe Office Cashier Desk Refurbishment	85,000	85,000	
Weston Favell Office - Remodelling or Relocation	110,000	110,000	
4-Colour Printing press for the Print & Design Unit	189,000	189,000	
Upgrade of Control Software	150,000	150,000	
Danes Camp Intruder Alarm Repalcement	25,000	25,000	
Danes Camp Flume Repalcement	250,000	250,000	
Danes Camp Haystack Dryer Installation	20,000	20,000	
Installation of Lifts - Lings Forum Leisure Centres	200,000	200,000	
Leisure Centre Trend Management System Installation	20,000	20,000	
Leisure Centres - Danes Camp Roof Renewal	297,000	297,000	
Lings Forum Squash Court Refurbishment	30,000	30,000	
Lings Forum Health Suite Improvments	100,000	100,000	
Mounts Health Suite Improvments	200,000	200,000	
Refurbishment DDA Improvmenets - 78 Robert Street	40,000	40,000	
Refurbishment of Lings Forum Bar- Function Room	206,000	206,000	
Leisure Centre Booking and Information system	60,000	60,000	
Main Pool Filters Refurbishment - Mounts Baths	30,000	30,000	
Replacement of wall tiles - Mounts Baths Teaching Pool	20,000	20,000	
Development of a Marina in Becketts Park, Northampton	2,000,000	1,000,000	1,000,000
Essential Works to Corporate Properties - Capital Programme 2009/10	300,000	300,000	
New cemetery at the former Development Corporation Tree Nursery Thorplands	750,000	250,000	250,000
CCTV video tracking information system	30,000	30,000	

Capital Programme 2009-10 to 2011-12 - Future Year Outline Plans

Scheme Title	2009-10	2010-11	2011-12
	Scheme Total (All Years)	Scheme Total	Scheme Total
	£	£	£
Outline Proposals 2010-11 Starts			
Upgrade/Replacement of PNC Database - Call Care	80,000	80,000	
Noise Monitoring Equipment	7,000	7,000	
Carbon Management Projects	80,000	40,000	40,000
CCTV Future Installations & Replacement (Costs to be advised, inc for information)	0		
Bins and Boxes	200,000	100,000	100,000
Euro Bins and Flat Recycling	200,000	100,000	100,000
Wheeled Bin and Recycling Truck flats 1	234,286	117,143	117,143
Additional Collection vehicles	937,144	468,572	468,572
Alternative Bus Layover for Northampton Town Centre	10,000,000	5,000,000	5,000,000
Preliminary Demolition Work for the Greyfriars Bus Station	3,000,000	1,500,000	1,500,000
New Public Transport Facilities for Northampton Town Centre	2,500,000	1,250,000	1,250,000
Future phases of EDRM (Comino) rollout	300,000	150,000	150,000
Windows Server upgrade (to version 7)	200,000	200,000	
MS Exchange upgrade	200,000	200,000	
MS Office upgrade	250,000	250,000	
Improve Network Management	30,000	30,000	
Replace Zenworks Desktop Management	125,000	125,000	
Review backup strategy	50,000	50,000	
Improve flexibility of comms (VOIP)	400,000	400,000	
Homeworking/Mobile working/Flexible working pilot	40,000	40,000	
Repair and Maintenance of Corporate Property	3,000,000	1,500,000	1,500,000
Outline Proposals 2011-12 Starts			
Air Quality Monitoring	20,000		20,000
GRegister (Government Connect)	50,000		50,000
Intranet/Internet improvements	20,000		20,000
Firewall, VPN and IPS upgrade	25,000		25,000
Government Connect	30,000		30,000
Total Outline Bids for Future Years - General Fund	30,739,100	7,210,670	12,907,715
Capital Programme - HRA			
HRA programme is put together as a three year continuation programme therefore no planned new starts in 2010-11 and 2011-12			
Total Outline Bids for Future Years - HRA	0	0	0
TOTAL GENERAL FUND & HRA	30,739,100	7,210,670	12,907,715

Capital Strategy 2009-12

Equality Impact Assessment – screening.

Name of Strategy/Policy Capital Strategy 2009-12 Date of Assessment: Dec 2008

Is this a new or updated Policy? New Updated

How is the Strategy/Policy finalised/adopted: Cabinet/Board Delegated Council

Lead Officer conducting the assessment: Rebecca Smith Job Title: Assistant Head of Finance

Service area: Finance Contact details: 8046

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

Bev Dixon

Identify what the activity is trying to achieve – why is the Policy/activity¹ required *(is there a statutory duty, how was the issue identified, who was the originator of the activity, etc).*

The aim of the capital strategy is to show best practice in making capital funding and expenditure decisions in the context of the council's vision, values, objectives, priorities, financial resources, and spending plans.

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

The purpose of the capital strategy is to provide a clear framework for capital funding and expenditure decisions in the context of the council's vision, values, objectives, priorities, financial resources, and spending plans. It is also to set out the management and monitoring arrangements in place for effective delivery of the strategy

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

Northampton Borough Council, Citizens of Northampton

What information exists already?

Capital Strategy 2008-11

Has any consultation been undertaken on this or related issue?

Where appropriate individual projects in the capital programme have involved consultation. It is also proposed to consult on the capital programme for 2009/10 and this strategy alongside the GF revenue budget.

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

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

Project appraisals for individual schemes, capital programme 2009/10 will be a public document when it comes to Council in February 2009

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

Individual projects brought forward for inclusion in the capital programme may have potential for this, however are required to have their own specific EIA. The Strategy has been devised to give particular emphasis to scheme that promote diversity and address equalities issues and as such it is intended that the outcomes would have the potential for a positive impact on our diverse communities.

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

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

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

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

The application of the Strategy itself does not have any direct potential to impact on the equalities groups. However each project brought forward for inclusion in the capital programme could potentially have implications.

Action points *(please make this SMART-state what/who/how/when)*

Monitor and review the strategy annually to check that EIAs are carried out as required and that no unintended adverse impacts are introduced.

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

Confirmed by: Silvina Katz

Signed by:

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

Copy to be sent to Policy Team Leader at policy@northampton.gov.uk ✓



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

26 February 2009

Agenda Status: Public

Directorate: Finance and Support

Report Title	COUNCIL WIDE GENERAL FUND REVENUE BUDGET 2009/10 – 2011/12
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1. Summary

- 1.1 The purpose of this report is:
 - 1.1.1 To report the outcome of the consultation process on the 2009/10 General Fund budget and the final formula grant settlement for 2009/10.
 - 1.1.2 To ask Council to approve the 2009/10 General Fund budget, and Council Tax increase for 2009/10 and indicative budgets and council tax increases for 2010/11 and 2011/12, as recommended by Cabinet.

2. Recommendations

- 2.1 That the feedback from consultation with the public, organisations and the Overview and Scrutiny Committees, be considered and welcomed (detailed at Annexes 1 and 2).
- 2.2 That the Council's representations on the provisional formula grant settlement be noted (Annex 3).
- 2.3 That the projected 2008/09 outturn position of £66k under spend (as at the end of December 2009) be noted.
- 2.4 That the changes to the proposed budget (detailed at Annex 4), in light of the consultation responses and the final formula grant settlement, be noted.
- 2.5 That the Council acknowledges the issues and risks detailed in the Section 151 Officer's statement on the robustness of estimates and the adequacy of the reserves (Annex 9).
- 2.6 That Council agrees a General Fund budget for 2009/10 of £32.4m (detailed in Annex 5) for its own purposes.
- 2.7 That the Council agrees to increase the Council Tax by 3.9% for 2009/10 for its own purposes, (i.e. excluding county, police, and parish precepts).

- 2.8 That the Council confirms the reserves strategy of protecting balances wherever possible to allow the option of supporting future years' budgets, aiming for a minimum level of unallocated general fund reserves of £2.6m at the end of 2009/10 having regard to the outcome of the financial risk assessment and remaining at this level over the medium term.
- 2.9 That Council agrees to delegate authority to the Chief Executive and Director of Finance and Support to implement all budget options and restructurings.
- 2.10 That Council agrees to delegate authority to the Director of Finance and Support in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder, to transfer monies from earmarked reserves should that become necessary during the financial year.

3. Report Background

See Cabinet report attached

4. Implications (including financial implications)

4.1 Resources and Risk

See Cabinet report attached

4.2 Legal

See Cabinet report attached

4.3 Other Implications

See Cabinet report attached

5. Background Papers

See Cabinet report attached

Report Author and Title:

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Rebecca Smith, Assistant Head of Finance

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Appendices



Item No.

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	COUNCIL WIDE GENERAL FUND REVENUE BUDGET 2009/10 – 2011/12
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	19 February 2009
Key Decision:	YES
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Governance and Improvement
Accountable Cabinet Member:	Malcolm Mildren
Ward(s)	N/A

1. Purpose

- 1.1 To report the outcome of the consultation process on the 2009/10 General Fund budget and the final formula grant settlement for 2009/10.
- 1.2 To agree the Cabinet's proposals for recommendation to Council on 26 February 2009 for the 2009/10 to 2011/12 General Fund budgets, Council Tax level for 2009/10 and indicative levels for 2010/11 – 2011/12.

2. Recommendations

- 2.1 That the feedback from consultation with the public, organisations and the Overview and Scrutiny Committees, be considered and welcomed (detailed at Annexes 1 and 2).
- 2.2 That the Council's representations on the provisional formula grant settlement be noted (Annex 3).
- 2.3 That the projected 2008/09 outturn position of £66k under spend (as at the end of December 2009) be noted.

- 2.4 That the changes to the proposed budget (detailed at Annex 4), in light of the consultation responses and the final formula grant settlement, be agreed.
- 2.5 That the Cabinet acknowledges the issues and risks detailed in the Section 151 Officer's statement on the robustness of estimates and the adequacy of the reserves (Annex 9).
- 2.6 That the draft Fees and Charges set out in Annex 11 be noted.
- 2.7 That Cabinet agree that the additional £82.8k of LABGI awarded in 2008/09, together with any remaining unallocated LABGI funding in the Corporate Initiatives Reserve at the end of 2008/09 be set aside in an earmarked reserve for one off regeneration purposes.
- 2.8 That Council be recommended to delegate authority to the Chief Executive and Director of Finance and Support to implement all budget options and restructurings.
- 2.9 That authority be delegated to the Director of Finance and Support in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder to:
- transfer monies from earmarked reserves should that become necessary during the financial year.
 - to update the budget tables and annexes, prior to Council should any further changes be necessary.
 - to update prudential indicators in both the Prudential Indicators report and Treasury Strategy report , prior to Council for any budget changes that impact on these.
- 2.11 That a General Fund budget for 2009/10 of £32.4m, be recommended to the Council (detailed in Annex 5) for its own purposes.
- 2.12 That the Council be recommended to confirm the reserves strategy of protecting balances wherever possible to allow the option of supporting future years' budgets, aiming for a minimum level of unallocated general fund reserves of £2.6m at the end of 2009/10 having regard to the outcome of the financial risk assessment and remaining at this level over the medium term.
- 2.13 That the Council be recommended to increase the Council Tax by 3.9% for 2009/10 for its own purposes, thus excluding county, police, and parish precepts.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Cabinet is proposing a budget for 2009/10 that takes into account the Council's corporate priorities and objectives to increase the resources available for front line services.
- 3.1.2 It does this by
- a) Proposing a council tax increase of 3.9%
 - b) Proposing significant efficiency savings
 - c) Examining all possible efficiency savings and other ways of reducing expenditure or increasing income without affecting service levels.
 - d) Reflecting the views emerging from the public consultation
- 3.1.3 Strategic Business Reviews will continue into 2009/10 with a view to changing the business model of the Council and making services more efficient and improving the value for money they provide. This will help to address the level of any gap in future years.

Draft Budget Position – Cabinet 22 December 2008

- 3.1.4 The Cabinet met on 22 December 2008 and recommended proposals for consultation. The headlines were:
- a) A proposed council tax increase, for the Council's own purposes, of 4.95% for 2009/10, and that indicative annual increases of 4.95% be adopted as planning parameters for the financial years 2010/11 to 2011/12;
 - b) A General Fund budget for 2009/10 of £34.34m (including an identified funding gap of £1.9m). As the council must balance its budget, this would give a budget of £32.4m once the funding gap has been addressed.
- 3.1.5 The Council has faced significant challenges in balancing the 2009/10 budget. At that point pressures on income, inflation and shortfalls in government funding were estimated to be circa £6.180m as outlined in Table 1 below.

Table 1: Major pressures identified at 22 December 2009

	£m
Major Inflationary Pressures	2.347
Pressures arising from Government Schemes	1.556
Pressures arising from the Economic Environment	2.277*
	6.180

*Updated since December report

3.1.6 Efficiency savings of £1.241m had already been built into the continuation budget and budget options of £5.669m had been proposed for consultation to reduce the gap. A small amount of essential growth totalling £0.189m was proposed. This left a gap of £1.910m to be addressed through further options to be developed during January.

Draft Budget Position – Cabinet 4 February 2009

3.1.7 Since the draft budget was proposed to Cabinet on 22 December 2009 the economic environment has deteriorated further. Take up in concessionary fares has increased, adding a further £100k pressure to the budget, and with the bank rate now sitting at 1%, the estimate for income through investment and other general fund related items has been reduced by a further £900k. Roughly each 0.5% reduction in the investment rate achievable equates to £300k.

3.1.8 Further income and saving options, totalling £2.124m were considered by Cabinet on 4 February.

3.1.9 The table below illustrates the medium term planning options now being proposed for 2009/10.

Table 2 – Medium Term Planning Options

	£m
Service Adjustments – Level 1	(1.437)
Service Adjustments – Level 2	(4.915)
Income Adjustments	(1.161)
Key Growth Items	0.376
	(7.137)

3.2 Issues

Consultation Feedback

3.2.1 Consultation has been undertaken with the public, business community, and other stakeholders during January 2009.

3.2.2 The consultation included the proposed Corporate Plan and Capital Programme 2009-12 as well as the general fund revenue budget proposals.

3.2.3 A number of methods were used to capture views, which included:

- a) Focus group workshops.
- b) Circulation of a detailed budget proposal brochure with questionnaire
- c) Consultation with the business community

- 3.2.4 The detailed brochure was made available both through copies being made available at public locations such as community centres, post offices, libraries, and supermarkets.
- 3.2.5 In addition the budget consultation was available through the council's website.
- 3.2.6 Full details of the public consultation and results are provided in Annex 1. There was a significant increase in the number of responses compared to the previous year, with 222 responses being received.
- 3.2.7 According to the analysis of the consultation responses, when asked to identify which option they supported most, the majority of respondents supported:
- a) End Balloon Festival
 - b) Increase fees for licensing
 - c) Re-organise the neighbourhood wardens and enforcement on environmental issues
 - d) Introduce charges for pest control
 - e) Closure of Weston Favell and/or Kingsthorpe Housing Office
 - f) Reduce cost of community centres through efficiencies
- 3.2.8 Respondents voiced the least support for the proposals for:
- a) Closure of museum(s) part of the time
 - b) Increase fees for leisure services
 - c) Replace toilets with "community toilets"
 - d) Replace Balloon Festival
 - e) Focus street cleaning and grounds maintenance
 - f) Increase fees for collection of bulky waste items
- 3.2.10 In some areas this contrasted with the outcomes from the focus groups, held in January 2009. In particular, both groups least supported the ending of the balloon festival, while the most support went to the increase in bulky waste collection costs in one group and closure of district offices in the other group.
- 3.2.11 In addition, the budget proposals were reviewed in detail by the Overview and Scrutiny 3 Reporting and Monitoring Task and Finish Group. This group referred a number of specific revenue budget proposals to the relevant Overview and Scrutiny Committee to review. The comments of the Overview and Scrutiny Committees are attached at Annex 2 for consideration by Cabinet.

- 3.2.12 The Council must set a prudent, balanced budget, particularly in light of the current economic environment and the constraints imposed on them through the government funding regime. Whilst recognising the overall financial position, the Cabinet is able to propose a small number of changes to the draft budget proposals.
- 3.2.13 The Cabinet has considered the budget proposals in the light of the results of the public consultation, Overview and Scrutiny comments and other discussions and representations from key partners, and has made a number of changes that reflect the views expressed in the consultation.
- 3.2.14 The following changes (among others) are therefore proposed in line with the comments received:
- a) The proposed council tax increase has been reduced from 4.95% to 3.9% for 2009/10.
 - b) The proposals around public conveniences and the Richmond scheme have been modified to ensure that there is continued provision of toilet facilities for the public.
 - c) Additional funding for bus station cleaning

3.2.15 **Adjustments**

- 3.2.16 Further work on the budget has been undertaken to refine the budget since 22 December 2008. This has resulted in a number of new options and adjustments including those of a technical nature. A schedule of all changes since the 22 December Cabinet proposals can be found at Annex 4.

Use of Balances

- 3.2.17 A prudent level of reserves, along with appropriate application of reserves, should be part of the overall budget. The Section 151 Officer reviews the level of balances required to support the general fund spend annually as part of a robust risk assessment. This risk assessment suggests that the minimum level of balances, taking all known risks into account along with the Council's gross expenditure requirement, should be in the order of £2.5m for 2009/10.
- 3.2.18 In determining the potential use of the reserves, the three year financial strategy takes into account previous years' spending trends, in particular the projected general fund 2008/09 outturn.
- 3.2.19 The revenue budget monitoring to the end of December 2008 shows an overall under spend of £0.066m*. The 2009/10 budget assumes no use of general reserves in 2009/10. The expected movement on the General Fund Reserve is summarised in the table below.

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

		£,000
	General Fund Balance as at 01.04.2008	2,691
<i>Plus:</i>	Budgeted contribution to reserves	0
<i>Less:</i>	Budgeted Use of Reserves	-280
<i>Less:</i>	2008/09 forecast under spend attributable to General Fund as at the end of December 2008*	66
	Total estimated General Fund balance at 31.03.2009	2,477
<i>Plus:</i>	Planned Contribution to Reserves	100
	Total estimated General Fund balance at 31.03.2010	2,577
<i>Plus:</i>	Planned Contribution to Reserves	150
	Total estimated General Fund balance at 31.03.2011	2,727
<i>Plus:</i>	Planned Contribution to Reserves	0
	Total estimated General Fund balance at 31.03.2012	2,727

3.2.20 The authority plans to bring the level of reserves up to £2.7m by the end of 2010/11 by contributing £100k in 2009/10 and £150k in 2011/12.

3.2.21 It must be emphasised that the forecast level of reserves by the 31st March each year is purely that, a forecast, and is not therefore guaranteed.

Final Formula Grant Settlement

3.2.22 The provisional 2009/10 finance settlement announced in December 2007, and unchanged as at December 2008, was confirmed on 21 January 2009 without any further changes being made. The Councils representation to the government with regard to the settlement is presented at Annex 3.

Table 4: 2008/09 and 2009/10 Settlements and Proposed 2010/11 Settlement

	2008/09 £m	2009/10 £m	2010/11* £m
Redistributed Business Rates	16.453	15.309	16.215
Revenue Support Grant	2.290	3.534	2.721
Total Formula Grant	18,743	18,843	18,936

**The actual RSG/NNDR split has yet to be confirmed for 2010/11, so an estimate has been provided based on previous years.*

Council Tax Level and Capping

- 3.2.23 As part of the pre budget report in December 2008 the Chancellor reiterated his Spending Review 2007 announcement, emphasising that he expected the funding made available to local authorities together with the Government's cashable efficiency savings targets would ensure that council would keep council tax increases substantially below 5%.

LABGI – Local Authority Business Growth Incentive

- 3.2.24 It is unclear at this stage whether there will be a LABGI announcement in 2009 (for 2009/10). While the SR2007 indicated no announcement for this year, there have been signs of a possible shift in this position.
- 3.2.25 If an allocation is made, it would be imprudent to use any of this anticipated money to balance the general fund budget as this is a "one off" sum and is not guaranteed in future years. It is therefore recommended that any allocation that should be received is set aside in earmarked reserves for allocation to appropriate one off expenditure.
- 3.2.26 An additional allocation for 2008/09 of £82,806 was announced at the beginning of February 2009. It is recommended that this is set aside in an earmarked reserve for one off regeneration purposes.

Meeting with the Minister

- 3.2.27 Sally Keeble MP, the Leader and Chief Executive met with the John Healey, the local government minister, in January to discuss the Council's overall financial position, particularly in relation to its improvement journey and the expansion of Northampton.
- 3.2.28 Whilst no guarantees of additional funding were made, the minister has asked for a paper outlining our requirement for funding for strategic business reviews, which will help support our ability to further improve and deliver savings necessary for future year budget requirements.
- 3.2.29 Our application for capitalisation of potential costs of redundancy arising from restructure proposals was also discussed, along with other potential requests for capitalisation of costs in 2009/10.
- 3.2.30 The Council received notification from the department of communities and local government on 31st January that the capitalisation application for redundancy and pension fund strain costs incurred in 2008/09 had been approved.

Revised Proposals

- 3.2.31 Annex 5 sets out a summary of the revised budgets covering 2009/10 to 2011/12 to be recommended to the Council. The main features are:
- a) A Council Tax increase, for the Council's own purposes, of 3.9% for 2009/10 excluding precepts;
 - b) A General Fund budget for 2009/10 of £32.4m.

- c) Indicative annual Council Tax increases, for the Council's own purposes, of a planning parameter of 3.9% for 2010/11 – 2011/12 excluding precepts.

Medium Term Implications

- 3.2.32 In setting a budget for 2009/10, the Cabinet and the Council must take into account the implications for the following two years financial strategy, namely 2010/11 – 2011/12. There are significant planned efficiency savings in 2009/10 and the following years, which will require action to be taken now if they are to be secured within the planned timescales.
- 3.2.33 Annex 5 sets out the budget projections for 2009/10 to 2011/12 and the key features of the projections including assumptions of the level of Formula Grant and Council Tax funding.
- 3.2.34 The medium term plan assumes that the Council will achieve at least 3% year on year cashable efficiencies, and this has been built into the financial strategy from 2009/10 onwards. Plans will be developed to deliver the required savings as part of the 2010/11 medium term planning process.
- 3.2.35 The financial projections put into sharp relief the need to continue to:
 - a) Continue to press the DCLG (Department of Communities and Local Government), and other government departments, to recognise the costs of growth and to use realistic population projections for growth areas;
 - b) Continue the search for efficiencies as required by Government; and
 - c) Make sure the council's ambitions are set within the context of the available funding envelope.
- 3.2.36 The medium term budget projections also highlight the need to continue to develop the organisation's future strategy through the Council Plan. The key medium term financial issues identified are attached at Annex 8.

Robustness of Estimates and Adequacy of Reserves

- 3.2.37 The Local Government Act 2003 places a duty on the Section 151 Officer (Chief Financial Officer) to comment on 'the robustness of the estimates' included in the budget and the adequacy of the reserves for which the budget provides.
- 3.2.38 The Council has adopted a risk-based approach when assessing the minimum level of reserves. The risk assessment is undertaken annually to ensure that new risks are taken into account as well as re-assessing current risks. Annex 9 details the recommendation for a minimum prudent level of General Fund reserves. A minimum level of £2.75m should be built up over the medium term.
- 3.2.39 The Audit Committee at its meeting on 17 February reviewed the high level risk assessment and implementation plans for the budget options proposed by the Cabinet at their meetings on 22 December 2008 and 4 February 2009.

- 3.2.40 As has been visible in the media, world financial markets are experiencing a period of substantial volatility, which impacts directly on one of the Council's key income streams. The Cabinet is therefore proposing to establish an earmarked reserve to provide additional protection for the Council in managing these risks.

Fees and Charges

- 3.2.41 A schedule of draft Fees and Charges for 2009/10 is attached at Annex 11. The Cabinet is recommended to note the fees and charges that have been reflected in the budgeted income figures. These figures have been reviewed through the Medium Term Planning process and updated where feasible.

The Next Steps

- 3.2.42 The timetable for the 2009/10 budget process requires a special meeting of the Council on 26 February 2009, at which consideration will be given to the recommendations of this Cabinet in relation to the expenditure and tax proposals that relate to the Council's own spending.
- 3.2.43 In addition to the Council's own Council Tax, there are separate Council taxes for the county, police, and the parishes. These precepting bodies have not yet set their Council Taxes, with the result that these will be reported to the Cabinet if known by that date and at Council on 26 February 2009 in any event.

3.3 Choices (Options)

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

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 In carrying out its business, the authority has a number of general and specific duties which must be taken into account through the medium term planning process and on to the setting of the budget. Most duties to which the authority is subject are specific but some are generic to all of its functions, including the setting of the budget.
- 4.1.2 Current such duties include:
- a) the crime and disorder duty - to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area; and
 - b) the race equality duty - in carrying out its functions, to have due regard to the need

- (i) to eliminate unlawful racial discrimination; and
 - (ii) to promote equality of opportunity and good relations between persons of different racial groups.
- c) the disability equality duty - in carrying out its functions to have 'due regard' in the exercise of all of the authority's functions to:
- (i) eliminate unlawful disability discrimination, and
 - (ii) promote disability equality
- d) the gender equality duty - in carrying out its functions to have 'due regard' in the exercise of all of the authority's functions to
- (i) eliminate unlawful gender discrimination, and
 - (ii) promote equality of opportunity between men and women.

4.2 Resources and Risk

4.2.1 The resource implications are detailed throughout the report and annexes.

4.2.2 Annex 9 addresses the robustness of the estimates and adequacy of the Council's reserves with reference to risks identified.

4.2.3 A detailed report on risk and the 2009-12 budget was also considered by Audit Committee at its meeting on 17 February 2009, which is a background paper to this report.

4.3 Legal

4.3.1 The Council must set a balanced budget by midnight on 11 March 2009 (Local Government Finance Act 1992). Failure to do this would leave the Council potentially vulnerable to court action by way of judicial review on the part of the Audit Commission. Delay in sending out Council Tax demands would result in losses being incurred by the Council.

4.3.2 There are no further specific legal issues arising from this report.

4.4 Equality

4.4.1 Equality and Diversity were considered as a part of the budget build process, and an equalities assessment was completed as part of each medium term planning option submitted. (See also 4.1.2 above).

4.4.2 Annex 12 to the report contains a summary of the issues identified as a result of these assessments. Where issues have been identified, the detailed Equalities Impact Assessment will be used to inform the implementation of the budget option.

4.5 Consultees (Internal and External)

4.5.1 Internally Heads of Service and Budget Managers have been consulted, and Management Board has carried out a detailed challenge of the budget.

4.5.2 The budget has also been consulted on with relevant stakeholders including the public, business community, key partners and NBC Overview and Scrutiny. This was undertaken through the public consultation process that took place during January 2009.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 All of the discretionary proposals in the draft budget have been assessed against the corporate priorities as set out in the Corporate Plan. A copy of this assessment can be found at Annex 10

4.7 Other Implications

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

- 1 Consultation responses – Public Consultation
- 2 Consultation responses – Overview and Scrutiny Committees
- 3 Representations on the Provisional Settlement
- 4 Changes since 22 December 2008 Cabinet
- 5 Proposed Budget 2009/10 – 2011/12
- 6 Supporting Annexes of proposed budgets by service
- 7 Medium Term Planning Options:
 - 7a Level 1 Savings
 - 7b Level 2 Savings
 - 7c Income
 - 7d Investment
- 8 The Key Medium Term Financial Issues
- 9 Robustness of Estimates – Statement of the Section 151 Officer under the requirements of Section 25 of the Local Government Act 2003
- 10 Assessment of Revenue General Fund Budget proposal to Corporate Plan Priorities
- 11 Draft Fees and Charges 2009/10
- 12 Summary of Issues arising from Equalities Impact Assessments

5. Background Papers

5.1 Cabinet Reports:

22 December 2008	Council Wide Revenue Budget Proposal 2009-12
22 December 2008	Council Taxbase 2009/10
4 February 2009	Revenue Budget 2009-12 Further Options
25 February 2009 (Currently in draft)	Budget Monitoring 2008/09 – Position as at the End of December 2008 (Draft)

5.2 Overview and Scrutiny Reports:

18 December 2008	Review of the Proposed Budget 2009-12
26 January 2009	General Fund Revenue Budget 2009-12
29 January 2009	General Fund Revenue Budget 2009-12
3 February 2009	General Fund Revenue Budget 2009-12

5.3 Audit Committee Reports:

17 February 2009	Revenue Budget 2009-12 – Risk Assessment
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5.4 External documents:

- HM Treasury - 2007 Pre-Budget Report and Comprehensive Spending Review.
- CLG – Provisional Local Government Finance settlement 2008/09 – 2010/11
- CLG – Local Government Finance Settlement 2009/10

Isabell Procter, Director, Finance and Support Services, ext. 8757
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Northampton Borough Council

Budget, Capital Programme and Corporate Plan Proposals for Northampton 2009-2010

Consultation Results

12 February 2009

1 INTRODUCTION

- 1.1 Cabinet approved the draft Corporate Plan 2008-2011 and the draft Revenue Budget 2009-2009 as the basis for consultation on 22nd December 2008.
- 1.2 The aim of this consultation was to gain an insight into local people's views based on a number of proposals and budget options put forward by the Council's Cabinet. The consultation was further used to check if the priorities agreed during the previous year were still right for Northampton and to find out which priorities the Council should concentrate on and develop. People were also asked to prioritise the Council's proposals to invest in assets and infrastructure.
- 1.3 This consultation followed the principles set out in the Council's Consultation Toolkit adopted in 2008.
- 1.4 The results of the consultation are contained in this report. They will be used to by the Council's Cabinet as part of the process of setting a balanced budget (including a capital programme) and priorities for the next financial year (April 2009 to March 2010).

2 METHODOLOGY

- 2.1 Stakeholders were encouraged to provide feedback on the plans and options of the draft budget and priorities during the consultation period and they were provided help to ensure involvement and understanding of the proposals.
- 2.2 People were consulted by the following methods:
 - On-line survey
 - Questionnaires left in public locations across Northampton (including leisure centres and council receptions)
 - Staff briefing from the Chief Executive
 - A newsletter to all members of our residents panel with an invitation to participate
 - Focus groups selected from our Residents Panel
 - Engagement with the business community via the Chamber of Commerce and their network
 - Engagement with members of the sounding board representing the views of tenants
 - Engagement with the voluntary and community sector via their various networks as well as Neighbourhood Partnerships, representatives from the Community Forums and the Youth Forum
 - Engagement with our key stakeholder and partners

2.3 Questionnaires were distributed in the following public locations

- One Stop Shop
- Cliftonville Reception
- Kingsthorpe Housing Office
- Weston Favell Housing Office
- Westbridge Reception
- Lings Forum
- Danes Camp
- Mounts Baths
- Central Museum and Art Gallery
- Abington Museum

2.4 The consultation proposals and questionnaire were available to download and complete on-line via the Council's website. An e-mail address, freepost address and consultation phone line were set up to receive comments/views etc.

2.5 Two focus groups were held on 20th and 21st January 2009. Twenty-four participants were recruited from our residents' panel so as to reflect a range of diverse views and invited to participate. Reports from the events can be obtained upon request.

2.6 Approximately 2,200 questionnaires were sent to individuals, partners, organisations and distributed to public places.

2.7 The consultation was advertised through the media including mail shots and press releases.

3 RESPONSE

3.1 496 people viewed our budget online web page
222 completed questionnaires
17 local people attended focus groups
A number of comments made via letter, phone call and e mail

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

4 FINDINGS : RESULTS FROM THE QUESTIONNAIRES

4.1 222 completed questionnaires were received

4.2 Findings are reported so that they mirror the headings used in the consultation, as follows:

- **Current Priorities (Corporate Plan)**
- **Revenue Budget**
- **Capital Programme**

4.3 Current Priorities (Corporate Plan)

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

4.3.2 This year we asked people if they thought that the priorities the Council needed to concentrate on were still right for Northampton.

4.3.3 This is how people responded:

- **Safer, greener and cleaner communities** - for example, dealing with crime, caring for the environment, keeping the town clean - **99%** of those expressing a view want to keep this.
- **Housing, health and well-being** - for example, improving housing quality, providing leisure opportunities, contributing to better health - **92%** of those expressing a view want to keep this.
- **A confident, ambitious and successful Northampton** - for example, improving the town centre, promoting cultural activities, planning sustainable growth - **76%** of those expressing a view want to keep this.
- **Partnerships and community engagement** - for example, understanding and talking to our citizens, working with voluntary organisations, contributing to better education - **77%** of those expressing a view want to keep this.
- **A well managed organisation that puts the customer at the heart of what we do** - for example, improving financial management, providing value for money, ensuring fairness in our services- **88%** of those expressing a view want to keep this.

4.4 Conclusion

4.4.1 The responses received provide an almost overwhelming support for the selected priorities to be maintained. It should be noted that a number comments were made stating that the priorities were so generic that it was almost impossible not to agree with them.

5. **KEY BUDGET PRIORITIES FOR THIS YEAR**

5.1 In response to the economic recession, Cabinet proposed that the Council needed to focus on a number of additional priorities. People were asked to indicate if they agreed or did not agree with them

- **Continuing to improve the performance, quality of services and value for money provided by the Council** - 90% of those expressing a view want to keep this.
- **Maintain the vitality of the town** – 89% by investing in the town centre, promoting the town and encouraging others to invest in Northampton
- **Support the vulnerable and those suffering from the effects of the recession** – the local council is one of the first places people in trouble turn to for support - 83% of those expressing a view want to keep this.
- **Secure the long-term regeneration and growth of the town – while focusing on the short term we must not lose sight of the long-term future of Northampton** - 84% of those expressing a view want to keep this.

5.2 Conclusion

5.2.1 Once again, the additional priorities proposed received a majority support.

6. **FURTHER ACTIVITIES AND IMPROVEMENTS THAT PEOPLE WOULD LIKE TO SEE (INCLUDING COMMENTS)**

6.1 As people made more than 600 comments, these have been bundled together to capture an indication of the views and opinions received. A full list can be obtained upon request.

6.2 Here is a summary of the activities or improvements that they would like to see in relation to the priorities above.

6.3 About the organisation and its management

- Some people felt that there were too many managers
- Stop using consultants -Trust your own people and listen more to those on the front line.
- Do not reward poor performance or pay handshakes when not deserved
- Reduce councillor expenses
- Improve financial management -Stop wasting money on non-essentials and get rid of unnecessary posts
- Stop consulting - Make hard decisions - get on with the job!

- Better communication-even if it is bad news
- Lead the Local Strategic Partnership

6.4 Hot topics

- Parking- maximise resources-provide free/cheaper parking to encourage shoppers-review employee parking- develop and use park and ride
- Sixfields- this generated a lot of debate
- Market Square- this was a very popular and contentious issue. People suggested lowering rents in difficult times to help traders, consider handing market over to trader.
- Racecourse
- Town-improve signage, transport, visitor centre and town information

6.5 Housing, Well Being and Health Issues

- Reduce number and length of empty properties
- Improve housing repairs and maintenance
- Improve insulation to reduce costs
- Use wasteland to create new homes
- Consider recession and the need to have more affordable houses
- Promote sports and leisure
- Support all sporting local teams
- Make the most of our heritage
- Promote arts and leisure
- Improve facilities for young people across the board

6.6 Environmental Issues

- Main concerns relate to litter, fly tipping, fouling, graffiti and anti-social behaviour-effective strategies and enforcement
- Consider restorative approach. Use community responsibility and resources. Get tougher with enforcement and consider zero-tolerance
- Look after and develop parks, green spaces, provide a better environment for children.

- Remember the whole town, in particular estates, do not focus just in the town centre

6.7 About Community Engagement

- Listen to residents and businesses - do not just pay lip service
- Improve and support tenant and community participation in decision making
- Improve community resources and support vulnerable groups (in particular older people, homeless people, etc.)
- Several people were concerned about the effect of migration on council resources. There is a need to manage perception and understanding, particularly in a recession, to avoid community tensions.

6.8 About the consultation process

- Better publicity
- People made some positive comments about being asked for their involvement but many would have liked priorities to have been more specific- "*the devil is in the detail*"
- Information about proposals was difficult to find and understand e.g. "*What is a One Stop Shop transformation*" "*What are Community toilets*"?
- Public meetings can be very helpful to understand proposals and put forward views. This is particularly important for people who may be put off by a more formal written process. People do not mind bad news. They want to understand why and how decisions are made.
- Some people believed that decisions had already been made and that they were not able to influence outcomes.
- Some people found ranking confusing-they were unsure as to how questions were formulated

6.9 Other

- Do things like twinning with other UK towns
- Sell assets such as Cliftonville House or redundant buildings
- Consider unitary council
- Switch off lights etc

6.10 About issues or services provided by partners or other organisations

6.10.1 Some people told us about things that are provided or relate to issues that are not within our control, we will pass their comments onto the relevant bodies and partners. These include:

- Street lighting, footpaths, cycle lanes and transport strategies
- Schooling and educational achievement
- More policing
- WNDC

7. BUDGET OPTIONS –PROPOSAL TO KEEP

7.1 As a result of the financial situation experienced by the Council, it will be necessary to look very carefully at our budget to see how far we can make it go and ensure that money is being spent on the services that people value most. We will also have to find greater efficiencies and make sure that every pound spent gives the best possible value if we are to minimise cuts to services.

7.2 Cabinet have suggested that the following should **not** be changed. People were asked if they agreed or disagreed

- **Car parking prices should not be increased** – to help local businesses and encourage visitors to the town - **86%** of those expressing a view want to keep this.
- **Grants to the voluntary sector should be maintained at their current levels** – the voluntary sector provides vital services to vulnerable people including those suffering from the effects of recession - **75%** of those expressing a view want to keep this.
- **Maintaining the level of subsidy to the theatres and cultural establishments** – to attract people to the town - **65%** of those expressing a view want to keep this.
- **Keep all our Leisure Centres open** – leisure centres cost the council a significant amount each year but provide a vital facility for local people- **85%** of those expressing a view want to keep this.

7.3 The responses received support the options proposed. More divergence appears to exist on maintaining the level of subsidy to theatres and cultural establishments

7.4 To achieve the savings needed, around £5.4 million potential savings, mostly from internal efficiencies were identified.

7.5 People were asked – given that it was necessary to make reductions somewhere – if they thought that these were in the right areas and to state which they supported the most and which they supported the least.

8.0 BUDGET OPTIONS –RANKING OF PROPOSALS

8.1 People were asked to rank the options they supported, where 1 is the option with most support and 15 with least support.

8.2 The responses were analysed in two different ways: by considering the average (mean) and by considering the frequency (mode/class) of such responses. The dual analysis was undertaken because sometimes looking at average values can mask the breath of the views provided.

8.3 The list below shows the proposals in order of preference:

8.4 Ranking of options (by mean)

1. Increase fees for licencing
2. End the Balloon Festival
3. Reorganise the neighbourhood wardens and enforcement on environmental issues
4. Introduce charges for pest control
5. Reduce the cost of community centres through efficiencies
6. Close Weston Favell and/or Kingsthorpe Housing Office

7. Remove the facility to store furniture for homeless people
8. Do not add inflation to community grants
9. Increase use of electronic switchboard
10. Focus street cleaning and grounds maintenance
11. Increase fees for collecting bulky waste
12. Replace the Balloon Festival with a summer festival based on the Market Square
13. Replace public conveniences with community toilets scheme
14. Increase charges for leisure
15. Close museum(s) for part of the time

8.5 Ranking of options (by class)

8.5.1 Options receiving most support include:

1. End Balloon Festival
2. Increase fees for licencing
3. Re-organise the neighbourhood wardens and enforcement on environmental issues
4. Introduce charges for pest control
5. Closure of Weston Favell and/or Kingsthorpe Housing Office
6. Reduce cost of community centres through efficiencies

8.5.2 Options receiving medium support included:

1. No inflation to community grants
2. Remove facility to store furniture for homeless people
3. Increase use of swithboard

8.5.3 Options least supported include:

1. Closure of museum(s) part of the time
2. Increase fees for leisure services
3. Replace toilets with “community toilets”
4. Replace Balloon Festival
5. Focus street cleaning and grounds maintenance
6. Increase fees for collection of bulky items

8.6 It should be noted that ranking could be affected or skewed by multiple voting or by staff or individual groups with a campaign but this was a risk inherent to this type of consultation where anonymity was optional.

8.7 Conclusion

8.7.1 Regardless of the method used for the analysis, people **supported** the options relating to the closure of the balloon festival, increase in licensing fees, re-organisation to neighbourhood and environmental services and increase pest control charges whilst **objecting** to the “community toilets” scheme, increased charges for bulky items, closure of museums part time and increase in leisure charges.

8.7.2 People were asked to think where the Council should look to reduce costs or increase income. Full details can be obtained upon request.

9.0 **CAPITAL PROGRAMME**

9.1 The capital budget enables the Council to invest in assets and infrastructure (for example improvements to buildings) to improve service delivery. It is funded separately to the ‘revenue’ budget above. Our capital resources are also limited, so it is necessary to prioritise bids for new projects. For 2009/10 a ‘short list’ of new bids was made available and people were asked to prioritise them.

9.2 The list below shows how people ranked them in order of preference

1. Call Care replacement lifelines - Call Care monitors community alarms for elderly and vulnerable people both in sheltered housing and through independent lifeline units
2. Disabled Facilities Grants - assisting adapting private homes for easier bathing and access
3. Carbon Management Programme – undertaking a range of energy-saving projects at various locations to reduce our carbon emissions in line with Council policy
4. Security software – enhancing the security of data kept by the Council

5. 'One Stop Shop' transformation – improving the experience for customers

- 9.3 It should be noted that responses from the focus groups also placed less priority on security software and on the transformation of the One Stop Shop
- 9.4 People were also asked about were they thought the Council should invest further. Full details of responses received can be obtained upon request.
- 9.5 It must be noted that when considering the number of responses, not every person completed the entire questionnaire. Therefore the total responses did not necessarily match the total number of people responding.
- 9.6 It should also be noted that whilst the results may not be statistically significant due to the nature of the sampling method, these are indicative of the views of the people and organisations of Northampton and provide a flavour of their feelings regarding the proposals.

10 FOCUS GROUPS

- 10.1 Two focus groups selected from our residents/citizens panel were held at the Guildhall on 20th and 21st of January 2009.
- 10.2 The purpose was:
1. The group to find out if the Council's current priorities were right and to consider what else they should include.
 2. To review the Council's revenue budget options, prioritise them and consider their impact on those affected.
 3. To review further budget options and their priority.
 4. To review the capital programme options and their priority.
 5. To review a range of reports from other organisations and indicate the style/format the group they would prefer the council's annual report to have.
- 10.3 A summary of findings is as below. Fuller details can be obtained upon request.

• On the Corporate Plan

- 10.4 Existing priorities for the Council were fully endorsed. The groups felt that it was almost impossible not to agree with them.

10.5 The groups were asked to specify what they would like the Council to address. Below is a list of some of the issues identified:

- Crime reduction and enforcement
- Town cleaning, fly-tipping
- Safer, cleaner parks and community areas-Dog fouling
- Housing for young people-Fairer housing allocation
- Provide activities to engage young people
- Toilet facilities in the town and information about where to go
- Bus station
- Unoccupied properties
- Transport strategy
- Talking and listening to the community
- Consider handing back management of outer parks to parish councils
- Understand financial position of tax payers
- Consider vulnerable people
- Appraise and maintain housing stock
- Use technology to save costs
- WNDC
- Parking
- Accountability and prioritisation

• **On the Revenue Budget**

10.6 The groups discussed the various proposals and considered the impact they would have on the community and to rank them in order of support.

10.7 Views varied widely reflecting the individuality of those attending.

10.8 For one of the groups, the option(s) most frequently supported include: **closure of district offices**, reorganise neighbourhood wardens, no inflation to community grants, charges for pest control, increase licensing and the option(s) most frequently disliked included: **community toilets, end balloon festival**, increase charges for leisure, closure of museums p/t, focus street cleaning in critical areas, community toilets, closure of district offices, removal of storage for the homeless.

10.9 For the second group, the option(s) most frequently supported include: **increase bulky collection** charges, no inflation to community grants, charges for pest control, community centre efficiencies and the option(s) most frequently disliked included: **end balloon festival**, increase charges for leisure, closure of museums p/t, focus street cleaning in critical areas, community toilets, closure of district offices, removal of storage for the homeless.

10.10 It should be noted that the options relating to the Balloon Festival, licensing and public conveniences were the most controversial.

- **On the Capital Programme**

10.11 The group discussions supported the findings from the main survey, giving priority to Disabled Facilities Grant, Call Care lifeline and Carbon Management and less priority to improvements to the One Stop Shop and Software security.

- **Observations**

10.12 The groups had a very lively debate on a range of issues relating to the budget proposals. It should be noted that whilst initially people appeared to have some resistance to some of the proposed changes, following a detailed explanation by officers on the specific details of such proposals, views changed to endorse them. This should be noted for future consultations.

10.13 Attendees were happy to have been asked to participate in the focus group and confirmed their interest in attending again in the future.

11. EQUALITIES

11.1 This consultation was designed using the principles established in the recently adopted Consultation Toolkit to make sure that it was accessible to local people, businesses, partners of the Council and the voluntary and

community sectors. The recommendations from the Equality Impact Assessment undertaken during 2007/08 were used as the basis to develop the programme for this process wherever possible. Individual options and proposals were also subject to screening and impact assessments were carried out as appropriate. Further details, including information about stakeholders are available upon request

11.2 The Cabinet will consider the results of this consultation and of all relevant impact assessments to make an informed decision regarding the Council's budget and priorities.

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Policy and Community Engagement

Report Dated: 12th February 2009

Consultation responses – Overview and Scrutiny Committees

Comments and Recommendations from Overview and Scrutiny 1

5. GENERAL FUND REVENUE BUDGET 2009 - 2012

Mr David Huffadine Smith addressed the Committee, asking why the Council had not approached Parish Councils regarding them running community centres in certain areas. He advised that Parish Councils do not have such large overheads as the Borough Council.

Mr Huffadine Smith was thanked for his address.

The Committee considered the proposals for the General Fund Revenue Budget 2009 / 2012 asked questions, commented and heard:-

Community Centre efficiencies - Review management arrangements to balance income and expenditure

In response to the question as to why the Borough Council had not made any contact with local Parish Councils over the Allotments / Community Centres, the Committee was advised that legislation is being put in place although there could be financial implications.

Generally Parish Councils are taking on more ownership and having more of a say in the facilities in their areas, the Council will be exploring this in more detail.

With regard to the Community Centre saving of £190,000 queries were raised as to how robust this figure is, if centres would be closing, where does the figure come from and how precise is it. The Committee was advised that risks are involved in this figure; there is the possibility of closures. It is dependant on need and demand in the community; some communities find it difficult to fund resources to support Community Centres. It was emphasised that there is not a proposal to close community centres, where communities are not in a position to support it.

The Committee asked that its concerns be forwarded to Cabinet:

- It has concerns whether the projected saving of £190,000 could be achieved.
- Ward Councillors should be consulted regarding any proposal to close a community centre, and
- Parish Councils should be fully informed and consulted on any changes and the Cabinet should investigate whether Parish Councils would be willing to manage any community centres within their areas.

Remove inflation of 3.3% on Grants to Voluntary Organisations

The Committee asked for clarity about the funding of two organisations that received one year grants in 2008 and whether there was enough funds available to continue funding in 2009. If funding was not available it was suggested that part of the inflationary increase could have been used to provide funding.

Increase in Leisure fee income

It was noted that an analysis was carried out on the Trilogy Membership and fees were cheaper than competitors and could stand a 5% increase.

Closure of Abington Museum 2 days per week (Tue & Wed) in winter, or all year round. Or every day during winter

Closure of Northampton Museum 1 or 2 days per week (Mon only or Mon and Tues). This will not be viewed positively by the Arts Council and Heritage Lottery Fund and could impact upon future funding and would result in loss of status

The following queries were raised with regard to the proposed closure on certain days of the town's museums:

- Would there be a loss of status to The Guildhall Museum if it was not open every day?
- Would it jeopardise the chances of the Council gaining National Status?
- Will more visitors be attracted if the Council achieves National Status?
- Is there any information on the Footfall at Abington Park to justify the days proposed for closure?
- Are educational visits still planned and well attended?

The Committee was advised that: -

- Any decision regarding reduced opening hours for Abington Park museum will not affect National Status
- Closing two days per week for the whole year would maximise a saving. It was emphasised that the estimated saving of £9,537 includes staffing costs and utilities
- Any proposed closures of the Museums would not affect educational visits. These would continue to be planned and are well attended
- It was agreed that there are too many options / details on what the options are and a breakdown will be circulated in due course.

Sports Development reduction in Multi Sports Activities in parks during summer 2009

The Committee was advised that there would be no reduction in activities. Funding through Money for Youth had been awarded.

Cease the balloon festival and explore alternative events in parallel with the Market Square development

The Committee discussed the proposal to cease the Balloon Festival in detail.

The Committee was advised that the Audit Committee had reviewed the expenditure for the Balloon Festival and was fully aware of the financial implications.

The Committee made the following comments: -

- The Balloon Festival is a centrepiece of Northampton and supports local businesses. That the necessary evidence be circulated to all members of the Committee for their full consideration and judgement.
- That the Audit Committee's assessment of the financial implications of the Balloon Festival be published to inform the budget decision process. .
- That minutes of the Balloon Festival Working Party be circulated to the Committee and clarification sought as to whether a report on the Balloon Festival was being provided outlining the options.
- That overall there was not enough available evidence available to the committee to support the proposal to cease the Balloon Festival and explore alternative events in parallel with the Market Square development.

Comments and Recommendations from Overview and Scrutiny 2

5. GENERAL FUND REVENUE BUDGET 2009 - 2012

Mr Swinn, member of the public, addressed the Committee commenting that in his view the recommended increase in price for bulky waste collections would affect the most vulnerable groups, especially people under financial pressure. He said that it could encourage more 'fly-tipping'. In response to Mr Swinn's comment, he was advised that the appointment of 'Environmental Crime Officers' would tackle this issue.

Regarding the town's toilet facilities, Mr Swinn said that the Sheep Street facility is the one most used and he felt that it should be retained.

Mr Swinn was thanked for his address.

The Committee considered the proposals for the General Fund Revenue Budget 2009 / 2012 and heard: -

- One of the Council's roles is to provide public toilet facilities.
- Central Government does not provide funding to the Council for public toilets.
- Concerns were raised about the provision of toilets, in restaurants such as McDonald's. This could create a problem for parents taking children to the facilities as the children could expect to have a meal there.
- In response to a query about the provision of toilets in parks, the Portfolio Holder (Housing) advised that such a facility is no longer provided as in the past they have been vandalised.
- The Committee was generally supportive of the Richmond Scheme and realised that 'no size fits all'. The Richmond Scheme would be used as the basis and adapted to fit Northampton.
- In response to a query regarding children under the age of 14 using toilets in pubs, Steve Elsey, Head of Public Protection, advised that all such issues would be investigated and resolved before the scheme was rolled out.

Steve Elsey commented that services such as Environmental Health, Licensing, Environmental Crime will all be brought together with a move away from functional structure to a one area basis.

The Committee further heard that regarding the budget proposal in respect of the provision of Neighbourhood Wardens, it is suggested that they be reduced from 15 to 9 but it will be ensured that cover is provided for priority areas. The Committee raised concerns about the proposed reduced service, commenting on the need for Neighbourhood Wardens to be Borough wide.

Three vacant new Environmental Officers would be recruited to.

Major changes on Pest Control are proposed. The Pest Control Service currently provides a free service for the removal of rats, the other pest control services are subsidised for individuals who qualify. There are two proposed options: -

- Cease to provide the service
- That concessions no longer be applied to the Pest Control Service.

The Committee made the following comments: -

- With regard to blockages of sewers in a terrace property the Committee heard that the invoice is apportioned to all connected to the drain.
- In response to the Chair's query regarding the availability of a list of people who fall into the 'concessionary rate', it was agreed that the Committee would be issued with this list as soon as possible.
- The Bulky Waste collection is a 'seasonal' service with peaks and troughs.
- Pest Control is a non-statutory service.
- Bees and Wasps nests are dealt with by a private company. The Northamptonshire Bee Keepers Association will often provide help.
- Concerns were raised over the lack of Wardens to cover all areas. The Committee learnt that Supplementary Wardens will be used but the proposal is still in its early consulting stages and awaiting the outcome of the budget.

AGREED That Overview and Scrutiny Committee 2 (Housing and Environment's) comments on the budget proposals for 2009 / 2010 as detailed below, be forwarded to the Head of Finance.

Increase the bulky waste collection fee from £10 for 3 items to £25 for 3 items to cover costs of delivering this service. The Committee has serious concerns about this proposal, in particular the removal of concessions. This could cause a financial burden to those who would currently qualify for a concession.

Introduce full Pest Control Charges, except for Rat treatment. The Committee has serious similar concerns for this proposal, emphasising that it could cause financial burden to those who would currently qualify for a concession.

Expansion of the Richmond Scheme to cover all public conveniences across Northampton. The Committee is broadly in support of the introduction of this Scheme, as long as consultation is undertaken fully and public toilets are not closed before the scheme is fully implemented.

Integration of the Park Rangers Service in Neighbourhood Environmental Services. Deletion of a post in 2008 / 2009 with remaining post being considered for 2009 / 2010. The Committee did not make any specific comments.

Restructure public protection services to support the introduction of a geographic focus to service delivery at a neighbourhood level, in conjunction with Neighbourhood Environmental Services. The Committee expressed its disappointment at the loss of Neighbourhood Wardens, commenting that it appeared to be a backwards step. The Committee noted that the Neighbourhood Warden Service would be adjusted accordingly so that Neighbourhood Wardens be placed in the areas most needed. It was also noted with disappointment that a reduced service would be provided.

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- That concessions no longer be applied to the Pest Control Service.

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Comments and Recommendations from Overview and Scrutiny 3

5. GENERAL FUND REVENUE BUDGET 2009-2012

The Chair reminded the Committee that the Reporting and Monitoring Working Group is investigating the budget process and had made recommendations regarding which items each Overview and Scrutiny Committee should be consulted upon. Further discussions are to take place to consider the options.

ANNUAL BUDGET

The Committee heard that there are three options for consideration in respect of the vacant Overview and Scrutiny Officer post:-

- Replace with an admin assistant
- Reducing hours of vacant scrutiny post
- Hold the vacant scrutiny post open for one year

It was noted that Meetings Services Officers will be undertaking the administration of the Overview and Scrutiny Committees, ie, issuing the agendas and taking the minutes.

The Committee further heard and commented:-

- Reducing the amount of Officer support is not really an option as this would impact on the workload and could lead to inequalities and implications for the way in which Overview and Scrutiny and Officers work, research and investigations would have to be carried out by others.

The total saving for holding the vacant Overview and Scrutiny Officer post open for one year is £45,000. If the post was replaced by an admin assistant, the saving would be £18,000 and if the vacant post was replaced by reducing the hours of the vacant Overview and Scrutiny Post the savings would be £21,000. Directors are responsible for supporting Overview and Scrutiny and this function needs good, proper support.

- Three Overview and Scrutiny Committees was a reasonable decision to make but certain pieces of work that the Committees want to look at cannot be done due to lack of resources.
- It is not possible for one Overview and Scrutiny Officer to cover all topics. The Executive is held to account with four committees but the amount of Committees is a political issue for the whole Council rather than for this Committee.
- Overview and Scrutiny is not mature enough at Northampton. A good, stable working set up will allow it to evolve but the Committee felt it would not work in the short term.
- Overview and Scrutiny committees serve a very important function in this Authority. The Committee felt that the burden would be put on to Tracy Tiff, Overview and Scrutiny Officer, who works very hard to fulfil Overview and Scrutiny needs. Officers have done their work so that the burdens would not be too great on the current Overview and Scrutiny Officer but there is a need to ensure this is put in place and the Committee's comments are taken on board as we do not want the Officer to be off sick with stress.

A Job Share / Part Time option is covered under MTPS73B.

The Committee heard that Tracy Tiff's post of Overview and Scrutiny Officer is not at risk.

AGREED: That the Committee's comments on the budget proposals for the vacant Overview and Scrutiny Officer be noted as part of the budget consultation.

NB: Tracy Tiff, Overview and Scrutiny Officer, left the meeting at 6.10pm and returned at 6.30pm whilst consideration was given to the budget options in respect of the vacant Overview and Scrutiny Officer post.

5a **POTENTIAL MOBILE TELEPHONE SAVINGS**

The Committee was advised that there are approximately 700 mobile 'phone devices' used by Officers and Members of the Borough Council. Mobile 'phone usage is being investigated; a saving of £10,000 should be feasible.

Statistics indicate that 720 mobile 'phone devices', represent 48% of staff at NBC, in Daventry, Corby and Trafford the ratios are 183 to 300 staff, 45% and 1400 to 1000 staff respectively.

The Committee heard that the Vodaphone tariff is one of the most economic and competitive but was not long-term commitment. Projects are in place to ascertain the usage of mobile 'phone devices' per department. Lone workers need a mobile phone device but work is ongoing to clarify the level of savings. The target is to check and make sure that the Officers who have a mobile 'phone device' actually require one. Currently the mobile 'phone device' bill is about £72,000 per year, which equates to approximately £100 per year per device.

- 5 (c) In respect of the budget proposal to reduce the head count in face to face operation by 1 full time post (closure of the Kingsthorpe Office due to the reduced footfall and demand) Cheryl Doran, Assistant Head of Customer Services, advised that currently at the Kingsthorpe site, between 200 to 220 people visit per week but it is envisaged that this figure will drop. District Offices are expensive to run and 60% of visitors had straightforward requests such as brochures, basic information etc.

It was emphasised that the proposal is to remove the 'face to face' officers, not the whole service. This also applies to the Weston Favell District Office. A saving of £55,000 for 2009 / 2010 for this office is envisaged. Should the cash desk be closed, the Committee heard that the public could make all transactions at the Post Office.

In response to a query if a complete closure took place what would happen to the building, Gavin Chambers, Head of Finance, advised that at the present time it would not be good to sell the premise, but the building could be rented out making an estimated saving of around £60,000.

With regard to access for vulnerable people this Authority provides 'Home Visits' and can continue to do so along with the help of the County Travellers Unit and Police, although it is not looking at recruiting more Housing Officers. Discussions can take place with the Benefits Team so that they can integrate such visits into their schedule of home visits. Vulnerable people also have the option of contacting the Officer by telephone and have the situation assessed that way.

Response of Northampton Borough Council on the Provisional Local Government Settlement 2008-11

Introduction

Northampton Borough Council welcomes the certainty provided by the provisional three-year settlement for 2008-11 announced in December 2007.

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

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

In summary our concerns relate to:

- The total amount of funding allocated to districts each year and the corresponding levels of the grant floor.
- The population projections used in the formula calculations each year.
- The fixed costs calculations for years 2 and 3.

Funding Allocations and Grant Floors

The funding allocation for districts is exceptionally low, and this is reflected in the grant floor levels, which are materially below the level of inflation. This authority receives an increase of 1.2% for 2008/09 and just 0.5% for each of the two following years, and the floors for districts are so low that in years 1 and two the authority is above the floor and has been scaled back. In 2008/09 the amount of the scaling alone is equivalent to 1% on council tax.

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

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

It must be recognised that a number of the services that are essential for delivering sustainable growth, such as economic development, are delivered by district authorities. However, the low priority that the settlement seems to give to EPCS services like this appear to contradict the Government's declared commitment to delivering sustainable housing (and related population) growth. This is further compounded by the considerably lower levels of investment in LABGI during the CSR2007 period, and the fact that

district authorities will not be able to compensate for this through supplementary business rates.

It is essential that the Government revisits the allocation of funding given to district authorities for the next three years and ensures that appropriate levels of funding are made available.

Population Projections

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

Figures of 197,184, 197,567, and 197,999 have been used in the draft settlement. These compare to ONS revised mid year population figures for 2004 of 195,800 and 2005 of 197,300 (ONS Table T08) 200,100 for mid 2006 (ONS Table T09). These revised mid year population estimates were published by the ONS in August 2007.

Note that the figure for mid 2006 is materially higher than any of the population figures used in the provisional settlements for the next three years and the figures indicate a much faster rate of population increase than has been projected in the population figures used in the settlement. In terms of the draft settlement this relates to about 3,000 people for whom the council is not being funded in 2008/09 (approximately £285k).

This could make a very material difference to the amount of grant the authority is awarded, which in turn could impact positively on the service cuts and level of council tax increase the council is facing. We therefore believe that it is important that the population forecasts used in the settlement be revised to reflect the ONS' own data relating to 2005 and 2006.

Taxbase Projections

The population issue is compounded by the fact that there is a mismatch between the calculation of the projected taxbase and that of the projected population. As it currently stands the population in the provisional settlement increases by 1.1%, 0.2% and 0.2% respectively for each year (taking the 2007/08 settlement population figure as the base), whereas the taxbase increases by 1.23% each year from the October 2007 CTB1.

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

Changes from Draft Budget 2009-10 approved for Consultation 22 December 2008

	2009/10 £
Initial Budget Requirement 22 December	41,393
Plus:	
Parish Precepts	(856)
MTP Options	(5,480)
Non Ring Fenced Grant	(716)
Sub Total	34,341
Council Tax Income	(13,588)
Formula Grant	(18,843)
Budget Gap at 22 December 2008	1,910

Expenditure

Establish Budget for full time trade union representatives in H.R. These posts were budgeted for within service departments but have been deleted as part of the service restructures.	100
Additional cleaning in the Bus Station	10
MKSM Subscription	7
Fees and charges shortfall for European Elections	35
Adjustment to savings on the deletion of the vacant Head of Communications and Consultation post	10
Adjustment to savings on Regeneration vacant posts	12
Removal of savings double counted	34
Removal of Security Option	20
Additional Savings in Customer Services	(30)
Additional Savings in ICT	(120)
Additional Savings in Asset Management	(48)
Additional Savings in Procurement	(20)
Increase in the reduction in council wide training budget, exploring external funding mechanisms	(128)
Savings as a result of Insurance re tender	(75)
Reduce Pay award to 2% in year 1. This assumes that pay award will rise to 2.45% in subsequent years.	(170)
Borough Solicitor Restructuring	(50)
Cease Environmental Health Call out service	(13)
Reduce car parking budget for Licensing staff	(4)
Close Abington Museum for winter months - November - March	(7)
Reduction of cleaning resources at Abington Museum (20 hours)	(11)
Reduce Administration Resource at the Central Museum	(13)
Reduce caretakers/key holders post at Guildhall Museum	(30)
Removal of Events Admin post 0.7 (p/t)	(22)
Removal of Events Officers post	(32)
Reduce staffing in parks horticultural service	(40)
Introduction of wild flower areas as opposed to mowing regime.	(23)

Reduce management costs in Street Care Service	(49)
Reduce number of frontline employees by one	(28)
Review of agency staff budget in waste	(30)
Planning Dept. Restructuring and keeping posts vacant 09/10 only	(447)
Reduce frequency of mowing of grass on NCC land – i.e. verges-throughout the Borough, reducing the subsidy to NCC.	(192)
Reduction in saving to ensure the reprovision of toilet facilities utilising the Richmond scheme of using local businesses in the town.	45
Funding for maintenance and NNDR on empty property.	35
Mobile Phones and Corporate Hospitality	(2)
Transfer of Posts to HRA	(62)
Revenues and Benefits Posts	(25)
NNDR Adjustment	24
Crime Prevention Recharge Adjustment	30
Bus Shelters	3
Recharges	459
Parish Grants	21
Corrections of specific values	(37)
Total Expenditure Adjustments	(864)
<u>Income</u>	
Leisure Income	(178)
Increased income from swimming lessons(£4.50/lesson)	(10)
Review of Car Park Income	(195)
Council Tax Increase 3.9%	137
Total Income Adjustments	(246)
<u>Earmarked Reserves</u>	
Debt Financing	104
Concessionary Fares	100
s.106 Application re landscaping	(150)
Planning / Planning delivery grant	(603)
Earmarked Reserves no Longer Required	(251)
Total Earmarked Reserves Adjustments	(800)
Net Adjustments since 22 December 2008	(1,910)
Revised Budget Gap	0

2009/10 - 2011/12 General Fund Revenue Budget Build

	2009/2010 £000	2010/2011 £000	2011/2012 £000
<u>Service Continuation Budget</u>			
Director of Finance and Support	18,398	19,720	20,857
Director of Planning and Regeneration	3,208	3,598	3,725
Director of Environment and Culture	15,913	17,281	18,659
Director of Housing (General Fund Only)	1,889	1,966	2,078
Assistant Chief Executive	5,419	5,374	5,528
Borough Solicitor	1,295	1,399	1,647
	46,122	49,338	52,494
Debt Financing	1,083	1,420	1,137
Recharges from the General Fund to HRA and Capital	(5,853)	(5,853)	(5,853)
Parish Grants	21	22	22
Parish Precepts	904	931	959
Contribution to/(use of) Reserves	100	150	0
Transfer to/(from) Earmarked Reserves	(844)	(462)	(243)
	(4,589)	(3,792)	(3,978)
Revenue Budget Requirement	41,533	45,546	48,516
<u>Funding</u>			
Revenue Support Grant	(3,534)	(2,721)	(2,735)
Non-Domestic Rate	(15,309)	(16,215)	(16,296)
Total Government Grant	(18,843)	(18,936)	(19,031)
<u>Council Tax</u>			
Council Tax: Previous Years	(12,887)	(13,538)	(14,136)
Council Tax: Taxbase	(143)	(67)	(71)
Council Tax: 3.9% increase	(508)	(531)	(554)
Collection Fund Surplus/Deficit	86	0	0
Parish Related Council Tax	(904)	(931)	(959)
Total Council Tax	(14,356)	(15,067)	(15,720)
<u>Other Government Grant</u>			
Area Based Grant	(504)	(279)	(279)
Government Funding for Concessionary Fares	(693)	(713)	(716)
Total Other Grants	(1,197)	(992)	(995)
Total Funding	(34,396)	(34,995)	(35,746)
Funding Gap Prior to MTP Options	7,137	10,551	12,770
<u>Level 1 MTP Options</u>			
Level 1 Income Options	(1,161)	(1,206)	(1,113)
Level 1 Savings Options	(1,437)	(1,537)	(1,276)
Level 1 Investment Options	376	371	388
	(2,222)	(2,372)	(2,001)
<u>Level 2 MTP Options</u>			
Level 2 Savings Options	(4,915)	(5,075)	(5,537)
	(4,915)	(5,075)	(5,537)
Total MTP Options	(7,137)	(7,447)	(7,538)
Funding Gap	0	3,103	5,232

Notes

1. Removal of 50% discount for long term empty properties subject to Cabinet decision on 22/12/08 in respect of the Council Tax base report. This will have an impact on the HRA.

2009/10 - 2011/12 General Fund Revenue Budget Build

	Base Budget 2009/10	Total Revised Budget 2009/10	Total Revised Budget 2010/11	Total Revised Budget 2011/12
	A	B	C	D
	£	£	£	
<u>CCEXE - Chief Executives</u>				
11 - Employees	-47,457	1,360,403	1,441,150	1,516,199
13 - Transport	3,940	5,290	5,420	5,540
14 - Supplies & Services	86,030	-99,527	-99,527	-99,527
19 - Income	-700	-700	-700	-700
<u>Total for CCEXE - Chief Executives</u>	<u>41,813</u>	<u>1,265,466</u>	<u>1,346,343</u>	<u>1,421,512</u>
<u>COMMC - Head of Communications and Consultation</u>				
11 - Employees	173,250	152,999	161,761	168,300
12 - Premises	18,024	19,498	20,278	21,110
13 - Transport	1,110	1,031	1,041	1,041
14 - Supplies & Services	63,480	46,204	46,204	46,204
19 - Income	-61,580	-8,000	-8,000	-8,000
<u>Total for COMMC - Head of Communications and Consultation</u>	<u>194,284</u>	<u>211,732</u>	<u>221,284</u>	<u>228,655</u>
<u>DILSP - Director of Northampton Local Strategic Partnershi</u>				
11 - Employees	14,010	131,479	139,397	147,138
14 - Supplies & Services	0	-155	-155	-155
19 - Income	0	-90,956	-97,314	-103,645
<u>Total for DILSP - Director of Northampton Local Strategic Partnersh</u>	<u>14,010</u>	<u>40,368</u>	<u>41,928</u>	<u>43,338</u>
<u>EEGAP - Head of Performance and Improvement</u>				
11 - Employees	266,350	362,259	382,846	401,024
13 - Transport	4,580	3,080	3,140	3,190
14 - Supplies & Services	86,970	38,390	53,390	38,390
<u>Total for EEGAP - Head of Performance and Improvement</u>	<u>357,900</u>	<u>403,729</u>	<u>439,376</u>	<u>442,604</u>
<u>GOVCO - Head of Policy and Community Engagement</u>				
11 - Employees	1,464,475	915,149	973,126	1,009,426
12 - Premises	102,018	109,908	120,032	132,935
13 - Transport	28,110	35,333	35,659	36,019
14 - Supplies & Services	2,363,980	2,183,357	1,927,531	1,945,549
19 - Income	-644,630	-238,146	-236,763	-236,763
<u>Total for GOVCO - Head of Policy and Community Engagement</u>	<u>3,313,953</u>	<u>3,005,601</u>	<u>2,819,585</u>	<u>2,887,166</u>

2009/10 - 2011/12 General Fund Revenue Budget Build

	Base Budget 2009/10	Total Revised Budget 2009/10	Total Revised Budget 2010/11	Total Revised Budget 2011/12
	A	B	C	D
	£	£	£	
<u>EPSUP - Head of Human Resources</u>				
11 - Employees	1,190,754	1,186,374	1,250,449	1,294,832
12 - Premises	53,170	2,990	2,990	2,990
13 - Transport	11,474	19,995	20,145	20,315
14 - Supplies & Services	696,881	870,294	873,255	640,281
19 - Income	-16,870	-16,870	-16,870	-16,870
Total for EPSUP - Head of Human Resources	1,935,409	2,062,783	2,129,969	1,941,548
<u>GFSAO - Head of Finance and Assets</u>				
11 - Employees	4,859,187	4,325,705	4,360,440	4,368,436
12 - Premises	2,737,618	2,731,309	2,896,637	3,020,840
13 - Transport	62,674	45,506	46,266	47,056
14 - Supplies & Services	1,378,162	1,333,194	1,346,924	1,375,578
15 - Agency & Contracted	2,229,221	3,357,340	4,034,326	4,851,091
19 - Income	-2,297,470	-2,252,682	-2,250,844	-2,242,986
Total for GFSAO - Head of Finance and Assets	8,969,392	9,540,372	10,433,749	11,420,015
<u>LCUST - Head of Customer Services and ICT</u>				
11 - Employees	4,216,407	3,826,456	3,988,561	4,188,321
12 - Premises	15,360	16,124	16,499	16,885
13 - Transport	25,510	29,253	29,643	30,043
14 - Supplies & Services	1,457,889	1,762,569	1,764,720	1,790,691
19 - Income	-390,810	-448,863	-448,863	-448,863
Total for LCUST - Head of Customer Services and ICT	5,324,356	5,185,539	5,350,560	5,577,077
<u>PRMNT - Head of Procurement</u>				
11 - Employees	346,860	345,094	368,030	381,852
13 - Transport	4,514	2,040	2,070	2,110
14 - Supplies & Services	26,580	-8,646	-8,556	-8,461
19 - Income	-67,504	-148,097	-153,739	-156,625
Total for PRMNT - Head of Procurement	310,450	190,391	207,805	218,876
<u>REVBE - Head of Revenues and Benefits</u>				
11 - Employees	2,508,846	2,467,173	2,601,363	2,719,932
12 - Premises	17,880	9,737	9,737	9,737
13 - Transport	46,198	33,909	34,648	35,412
14 - Supplies & Services	658,437	398,154	399,120	399,602
15 - Agency & Contracted	125,680	131,428	135,765	140,245
16 - Transfer Payments	57,600,090	59,905,917	61,393,366	62,918,002
19 - Income	-60,245,641	-63,120,901	-64,650,845	-66,217,334
Total for REVBE - Head of Revenues and Benefits	711,490	-174,583	-76,846	5,596

2009/10 - 2011/12 General Fund Revenue Budget Build

	Base Budget 2009/10	Total Revised Budget 2009/10	Total Revised Budget 2010/11	Total Revised Budget 2011/12
	A	B	C	D
	£	£	£	
<u>EREAG - Head of Regeneration and Development</u>				
11 - Employees	832,051	699,973	737,156	767,200
13 - Transport	3,690	7,100	7,270	7,450
14 - Supplies & Services	91,430	61,674	64,711	77,250
19 - Income	-15,000	-15,000	-15,000	-15,000
<u>Total for EREAG - Head of Regeneration and Development</u>	<u>912,171</u>	<u>753,747</u>	<u>794,137</u>	<u>836,900</u>
<u>LECAI - Head of Planning</u>				
11 - Employees	2,300,163	2,634,268	2,798,812	2,931,712
12 - Premises	10,490	10,490	10,490	10,490
13 - Transport	50,040	59,820	61,270	62,750
14 - Supplies & Services	241,940	-148,420	279,125	279,700
19 - Income	-781,000	-680,216	-684,792	-689,237
<u>Total for LECAI - Head of Planning</u>	<u>1,821,633</u>	<u>1,875,942</u>	<u>2,464,905</u>	<u>2,595,415</u>
<u>GDEMS - Borough Solicitor</u>				
11 - Employees	1,663,437	2,155,707	2,006,792	2,061,117
12 - Premises	0	1,000	1,000	1,000
13 - Transport	22,670	18,223	18,323	18,433
14 - Supplies & Services	344,243	118,406	150,103	121,911
15 - Agency & Contracted	54,370	31,500	31,500	31,500
19 - Income	-1,015,970	-1,315,300	-1,095,300	-875,300
<u>Total for GDEMS - Borough Solicitor</u>	<u>1,068,750</u>	<u>1,009,536</u>	<u>1,112,418</u>	<u>1,358,661</u>
<u>HNEED - Head of Housing Needs and Support</u>				
11 - Employees	1,879,289	1,960,058	2,053,593	2,134,730
12 - Premises	17,777	16,886	19,130	21,967
13 - Transport	55,173	46,509	47,503	48,524
14 - Supplies & Services	940,970	903,428	907,514	910,400
19 - Income	-1,408,720	-1,853,485	-1,889,220	-1,885,295
<u>Total for HNEED - Head of Housing Needs and Support</u>	<u>1,484,489</u>	<u>1,073,396</u>	<u>1,138,520</u>	<u>1,230,326</u>
<u>HSTIP - Head of Housing Strategy, Investment & Performance</u>				
11 - Employees	177,159	223,035	237,713	249,514
13 - Transport	4,710	-730	-710	-680
14 - Supplies & Services	12,350	4,445	4,467	4,491
<u>Total for HSTIP - Head of Housing Strategy, Investment & Performance</u>	<u>194,219</u>	<u>226,750</u>	<u>241,470</u>	<u>253,325</u>

2009/10 - 2011/12 General Fund Revenue Budget Build

	Base Budget 2009/10	Total Revised Budget 2009/10	Total Revised Budget 2010/11	Total Revised Budget 2011/12
	A	B	C	D
	£	£	£	
<u>GCOME - Head of Leisure and Culture</u>				
11 - Employees	3,516,632	3,523,401	3,730,730	3,852,366
12 - Premises	1,073,642	1,335,619	1,540,686	1,738,487
13 - Transport	26,389	37,313	42,192	42,607
14 - Supplies & Services	1,040,948	722,914	745,274	663,827
19 - Income	-3,010,700	-3,605,705	-3,593,633	-3,442,803
Total for GCOME - Head of Leisure and Culture	2,646,911	2,013,542	2,465,249	2,854,484
<u>LLENV - Head of Neighbourhood Environmental Services</u>				
11 - Employees	10,175,495	8,026,080	8,243,974	8,560,828
12 - Premises	809,281	956,109	988,259	1,026,373
13 - Transport	3,027,235	2,886,687	2,900,394	2,916,784
14 - Supplies & Services	2,579,192	1,908,975	1,813,926	2,086,107
15 - Agency & Contracted	10,000	1,000	1,000	1,000
19 - Income	-5,083,663	-4,357,090	-4,379,045	-4,391,989
Total for LLENV - Head of Neighbourhood Environmental Services	11,517,540	9,421,761	9,568,508	10,199,103
<u>PPROT - Head of Public Protection</u>				
11 - Employees	1,993,089	1,714,624	1,814,720	1,905,545
12 - Premises	400	78,137	400	400
13 - Transport	101,288	147,803	150,071	152,388
14 - Supplies & Services	1,183,942	954,261	960,073	973,759
19 - Income	-783,830	-609,439	-617,719	-617,719
Total for PPROT - Head of Public Protection	2,494,889	2,285,386	2,307,545	2,414,373
<u>TCOPS - Town Centre Management</u>				
11 - Employees	679,001	665,797	696,585	720,089
12 - Premises	1,806,056	1,934,812	2,090,196	2,215,049
13 - Transport	36,567	37,834	38,832	39,895
14 - Supplies & Services	252,022	375,938	78,143	-285,597
19 - Income	-6,011,516	-4,530,149	-4,137,430	-3,789,415
Total for TCOPS - Head of Town Centre Management	-3,237,870	-1,515,768	-1,233,674	-1,099,979

2009/10 - 2011/12 General Fund Revenue Budget Build**Level 1 MTP Savings Options**

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Level 1 MTP Savings Options						
Council Wide		L1 Saving	(7,620)	(7,620)	(7,620)	Delete staff incentive budgets
Council Wide		L1 Saving	(22,120)	(22,120)	(22,120)	Delete relocation expenses
Assistant Chief Executive	MTPS75	L1 Saving	(35,065)	(36,221)	(37,415)	Remove inflation of 3.3% on Grants to Voluntary Organisations
Assistant Chief Executive	MTPS72	L1 Saving	(1,080)	(1,080)	(1,080)	Deletion of corporate subscriptions - Commonwealth & LG Forum, Urban Forum & LA action for Southern Africa
Assistant Chief Executive	MTPS71	L1 Saving	(11,000)	(11,000)	(11,000)	Reduction to reflect mayoralty under spend
Assistant Chief Executive	MTPS18	L1 Saving	(16,768)	(16,768)	(16,768)	Removal of unallocated grant budget
Assistant Chief Executive	MTPS129	L1 Saving	(3,600)	(3,600)	(3,600)	Savings due to not conducting a General User Satisfaction Survey on an ongoing basis.
Assistant Chief Executive	MTPS527	L1 Saving	(8,000)	(8,000)	(8,000)	Reduce communications software budgets
Assistant Chief Executive	MTPS529	L1 Saving	(70,593)	(76,235)	(79,121)	Delete Vacant Head of Communications and Consultation post
Borough Solicitor	MTPS96	L1 Saving	(31,450)	(31,450)	(31,450)	Reduction in Register of Electors fees and supplies and services budgets
Borough Solicitor	MTPS97	L1 Saving	(12,937)	(12,937)	(12,937)	Reduction in working hours in Land Charges to match downturn in activity
Borough Solicitor	MTPS98	L1 Saving	(24,410)	(24,410)	(24,410)	Reduction in printing & stationery budget in Democratic Representation
Director of Environment and Culture	MTPS33	L1 Saving	(130,000)	(230,000)	(230,000)	Reduction in use of agency budget to cover vacant posts in grounds maintenance
Director of Environment and Culture	MTPS35	L1 Saving	(12,530)	(11,530)	(11,530)	Saving offered in relation to an additional street cleaner included during a previous budget setting round.
Director of Environment and Culture	MTPS36	L1 Saving	(35,430)	(36,789)	(38,024)	Removal of vacant allotments officer post with no service impact
Director of Environment and Culture	MTPS39	L1 Saving	(62,659)	(65,065)	(67,252)	Removal of vacant recycling support posts (2) with no impact on services. Posts are vacant but being filled by agency staff, proposal is once removed not to fill them at all.

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Director of Environment and Culture	MTPS43	L1 Saving	(42,924)	(42,924)	(42,924)	Deletion of an historic budget to cover sickness absence, this is not used as sickness costs are covered by salary provision
Director of Environment and Culture	MTPS16	L1 Saving	(260,000)	(260,000)	0	Kitchen Waste recycling project has been postponed by NCC until 2011/12 at the earliest, therefore budget removed for first two years of MTFP
Director of Environment and Culture	MTPS501	L1 Saving	(4,286)	(4,286)	0	Reduction in supplies and services budget in Museums for two years, Not sustainable longer term as it will be achieved by delaying replacement of small items.
Assistant Chief Executive	MTPS508	L1 Saving	(19,870)	(19,870)	(19,870)	Reduction in Supplies and Services within Scrutiny General and reductions to telephone call costs budget within Members Support
Director of Environment and Culture	MTPS510	L1 Saving	(11,000)	(11,000)	(11,000)	Removal of p/t museum post – Abington
Director of Environment and Culture	MTPS503	L1 Saving	(75,000)	(75,000)	(75,000)	Cease the balloon festival and explore alternative events in parallel with the Market Square development
Director of Environment and Culture	MTPS209	L1 Saving	(5,060)	(5,060)	0	Reduction in Leisure Supplies and Services
Director of Finance and Support	MTPS93/92	L1 Saving	(8,000)	(8,000)	(8,000)	Removal of surplus Health and Safety budget
Director of Finance and Support	MTPS209	L1 Saving	(100,000)	(100,000)	(100,000)	Additional savings from managing Commensura Temporary Staff Contract
Director of Finance and Support	MTPS210	L1 Saving	(20,000)	(20,000)	(20,000)	Savings from improved recruitment processes & advertising
Director of Finance and Support	MTPS12	L1 Saving	(7,000)	(7,470)	(7,970)	Use first class mail for urgent mail only
Director of Finance and Support	MTPS124	L1 Saving	(13,000)	(13,000)	(13,000)	Reduced requirement for overtime due to greater efficiency in revenues and benefits.
Director of Finance and Support	MTPS115	L1 Saving	(20,000)	(20,000)	(20,000)	Delete the Internal Audit contingency budget and remove from the annual plan the contingency of 35 days. Directorates will be required to fund special audits.
Director of Finance and Support	MTPS9	L1 Saving	(99,688)	(134,115)	(142,528)	Change of method for cash payments, reducing costs and widening the facilities for making payments in local communities e.g. post office, shops.

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Director of Finance and Support	MTPS105/513	L1 Saving	(37,947)	0	0	Savings arising from NNDR on empty properties.
Director of Finance and Support	MTPS103	L1 Saving	(9,375)	(9,375)	0	Lease office space in the old part of the Guildhall to Northampton Volunteering Centre for a period of 2 years.
Director of Finance and Support	MTPS505	L1 Saving	(10,976)	(11,637)	(12,503)	Absorb welfare home visits to Housing and Council Tax benefits into the visiting team within Housing Benefits
Director of Finance and Support	MTPS519	L1 Saving	(10,000)	(10,000)	(10,000)	Reduction of mobile phone usage
Director of Finance and Support	MTPS520	L1 Saving	(10,000)	(10,000)	(10,000)	Reduce contingency and disaster recovery contract costs as a result of server virtualisation and replanning with no impact on service
Director of Finance and Support	MTPS521	L1 Saving	(20,000)	(20,000)	(20,000)	Reduced PC replacement programme and rationalise PC numbers
Director of Finance and Support	MTPS522	L1 Saving	(9,490)	(9,490)	(9,490)	Savings on software licence for Goodlink, printing and external consultancy
Director of Finance and Support	MTPS523	L1 Saving	(20,000)	(20,000)	(20,000)	Savings on court costs as a result of transfer of Council Tax legal work to an external provider
Director of Finance and Support	MTPS524	L1 Saving	(10,840)	(10,840)	(10,840)	Recovery of charges from business customers for court action and court preparation work. This is in line with other Local Authorities
Director of Housing	MTPS19	L1 Saving	(19,500)	(19,500)	(19,500)	Change of post in Housing Strategy section
Director of Housing	MTPS83	L1 Saving	(2,310)	(2,310)	(2,310)	Reduction in cleaner hours at Exeter Place, Window cleaning bi monthly and fortnightly trade waste collection
Director of Housing	MTPS82	L1 Saving	(31,457)	(31,457)	(31,457)	Change of shift pattern resulting in a 1fte saving in Call care
Director of Housing	MTPS95	L1 Saving	(6,900)	(6,900)	(6,900)	Removal of furniture storage facility to homeless customers
Director of Housing	MTPS525	L1 Saving	(35,000)	(35,000)	(35,000)	Income from NCC to support lodging services
Director of Housing	MTPS526	L1 Saving	(19,236)	(19,236)	(19,236)	Outsourcing of medical assessment and appeals. This is the saving net of the cost of outsourcing.
Director of Planning and Regeneration	MTPS24	L1 Saving	(1,199)	(1,199)	(1,199)	Reduce work carried out in Nature Reserves
Director of Planning and Regeneration	MTPS20	L1 Saving	(6,490)	0	0	Reduction on Conservation & Improvement supplies & services budgets
Director of Planning and Regeneration	MTPS29	L1 Saving	(5,000)	(5,000)	(5,000)	Reduce Economic Development marketing and supplies & services budget
Total Level 1 MTP Savings Options			(1,436,810)	(1,537,494)	(1,276,054)	

2009/10 - 2011/12 General Fund Revenue Budget Build**Level 2 MTP Savings Options**

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Level 2 MTP Savings Options						
Assistant Chief Executive	MTPS73A	L2 Saving	(18,000)	(18,000)	(18,000)	Replace vacant scrutiny post with admin assistant
Assistant Chief Executive	MTPS73B	L2 Saving	(3,000)	(3,000)	(3,000)	Additional savings by reducing hours on vacant scrutiny post instead of replacing admin post
Assistant Chief Executive	MTPS73C	L2 Saving	(24,000)	0	0	Additional savings by holding scrutiny post vacant for one year
Assistant Chief Executive	MTPS78	L2 Saving	(190,000)	(190,000)	(190,000)	Community Centre efficiencies - Review management arrangements to balance income and expenditure
Assistant Chief Executive	MTPS603	L2 Saving	(20,000)	(20,000)	(20,000)	Reduction in corporate entertainment and refreshments budget
Assistant Chief Executive	MTPS726	L2 Saving	(170,000)	(170,000)	(170,000)	Reduce Pay award to 2% in year 1. This assumes that pay award will rise to 2.45% in subsequent years.
Borough Solicitor	MTPS727	L2 Saving	(50,000)	(50,000)	(50,000)	Restructuring of Borough Solicitors
Borough Solicitor	MTPS74	L2 Saving	(35,770)	(36,994)	(38,108)	Deletion of one post within Legal Services and reduction in supplies and services budgets
Director of Finance and Support	MTPS516	L2 Saving	(41,694)	(41,694)	(41,694)	Outsourcing of Council Tax Legal work and internal re-prioritisation. This will have potential staff severance cost implications
Director of Environment and Culture	MTPS8	L2 Saving	(38,660)	0	0	Deferred appointment of vacant Events Post. No impact in 2009/10, but there may be a demand in future years as a result of increasing cultural event activity
Director of Environment and Culture	MTPS729/201	L2 Saving	(17,000)	(17,000)	(17,000)	Closure of Abington Museum in winter months, November to March
Director of Environment and Culture	MTPS205	L2 Saving	(13,994)	(13,994)	(13,994)	Closure of Northampton Museum 1 or 2 days per week (Mon only or Mon and Tues).
Director of Environment and Culture	MTPS204	L2 Saving	(51,871)	(51,871)	(51,871)	Savings as a result of restructure within Leisure Services. Removal of Business Development post.
Director of Environment and Culture	MTPS204C	L2 Saving	(100,000)	(100,000)	(100,000)	Improved management control of expenditure on waged staff in Leisure
Director of Environment and Culture	MTPS1	L2 Saving	(6,500)	(6,500)	(6,500)	Reduction in multi-sports activities in Parks during summer 2009. This is not now a reduction due to Money 4 Youth funding
Director of Environment and Culture	MTPS31/31b	L2 Saving	(51,730)	(56,590)	(59,360)	Reprovision of toilet facilities utilising the Richmond scheme of using local businesses in the town.

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Director of Environment and Culture	MTPS17	L2 Saving	(537,757)	(555,846)	(572,970)	Saving reflects the option either to cease Construction Services in house provision provide or to retain and generate more income from internal trading. This excludes potential severance costs
Director of Environment and Culture	MTPS211	L2 Saving	(385,254)	(385,254)	(385,254)	Replacing permanent staff with temp staff as and when they leave
Director of Environment and Culture	MTPS32	L2 Saving	(332,533)	(346,277)	(356,782)	Reduce level of service for grounds maintenance i.e. grass cutting, less flowers, hanging baskets etc Proposed reduction of 7 vacant posts
Director of Environment and Culture	MTPS34	L2 Saving	(45,629)	(38,687)	(39,881)	Integration of the Park Ranger service in Neighbourhood Environmental Services. Deletion of a post in 2008/09 with remaining post being considered for 2009/10
Director of Environment and Culture	MTPS91	L2 Saving	(27,110)	(29,090)	(31,037)	Removal of CASPAR Officer post which has been vacant since August 2007. Service delivered in a different manner.
Director of Environment and Culture	MTPS208	L2 Saving	(186,000)	(186,000)	(186,000)	Restructure public protection service to support the introduction of a geographic focus to service delivery at a neighbourhood level, in conjunction with Neighbourhood Environmental Services
Director of Environment and Culture	MTPS56	L2 Saving	(41,000)	(41,000)	(41,000)	Reduce service to statutory 'Stray' collection only. All other Animal Welfare Officers Functions will stop
Director of Environment and Culture	MTPS512	L2 Saving	(5,000)	(5,000)	(5,000)	Closure of bar due to declining trade/demand at Lings bar. However party and trade function will remain
Director of Environment and Culture	MTPS706	L2 Saving	(13,000)	(13,000)	(13,000)	Cease Environmental Health call out service
Borough Solicitor	MTPS707	L2 Saving	(4,000)	(4,000)	(4,000)	Reduce car parking budget for Licensing staff
Director of Environment and Culture	MTPS709	L2 Saving	(11,300)	(11,300)	(11,300)	Reduction of cleaning resources at Abington Museum (20 hours)
Director of Environment and Culture	MTPS710	L2 Saving	(13,000)	(13,000)	(13,000)	Reduce Administration Resource at the Central Museum
Director of Environment and Culture	MTPS711	L2 Saving	(30,000)	(30,000)	(30,000)	Reduce caretakers/key holders post at Guildhall Museum
Director of Environment and Culture	MTPS712	L2 Saving	(21,500)	(21,500)	(21,500)	Removal of Events Admin post 0.7 (p/t)
Director of Environment and Culture	MTPS713	L2 Saving	(31,000)	(31,620)	(32,252)	Removal of Events Officers post
Director of Environment and Culture	MTPS714	L2 Saving	(40,000)	(40,000)	(40,000)	Reduce staffing in parks horticultural service
Director of Environment and Culture	MTPS715	L2 Saving	(23,000)	(23,000)	(23,000)	Introduction on wild flower areas as opposed to mowing regime

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Director of Environment and Culture	MTPS716	L2 Saving	(192,000)	(192,000)	(192,000)	Reduce frequency of mowing of grass on NCC land – i.e. verges-throughout the Borough, reducing the subsidy to NCC.
Director of Environment and Culture	MTPS717	L2 Saving	(49,000)	(49,000)	(49,000)	Reduce management costs in Street Care Service
Director of Environment and Culture	MTPS718	L2 Saving	(30,000)	(30,000)	(30,000)	Reduce number of frontline employees by one
Director of Environment and Culture	MTPS719	L2 Saving	(30,000)	(30,000)	(30,000)	Review of agency staff budget in waste
Director of Environment and Culture	MTPS517	L2 Saving	(17,000)	0	0	Half year saving achieved by holding potential Business Development post vacant arising from restructure.
Director of Environment and Culture	MTPS110A	L2 Saving	(10,000)	(10,000)	(10,000)	Introduce full Pest Control charges except for Rat treatment. Subsidised fees for those in receipt of benefits will stop for treatment of mice and insects
Director of Environment and Culture	MTPS740	L2 Saving	(195,000)	(471,000)	(820,000)	Adjustment to car parking income following review of most recent activity data. This option includes the loss of income on St Peters Way Car Park.
Director of Environment and Culture	MTPS110B	L2 Saving	(22,320)	(29,980)	(29,980)	Cease pest control provision by direct contract when current contract ends in 2009/10 - additional savings to above
Director of Finance and Support	MTPS48/107/702	L2 Saving	(178,920)	(183,937)	(188,506)	Asset Management restructure
Director of Finance and Support	MTPS27/50/ 51	L2 Saving	(53,312)	(68,115)	(69,443)	Closure of Weston Favell Housing Office
Director of Finance and Support	MTPS14/15	L2 Saving	(53,107)	(55,926)	(58,212)	Voice recognition technology answering all incoming calls to the switchboard leading to the saving of 2.8 FTE posts.
Director of Finance and Support	MTPS13	L2 Saving	(37,286)	(39,023)	(40,163)	Implementation of E Benefits will lead to a reduction in process time and electronic vs. paper based system lead to staff savings of 2 fte on the basis that it is implemented by 31st March 2009.
Director of Finance and Support	MTPS52/53/700	L2 Saving	(128,285)	(205,207)	(209,253)	Customer Services restructure, covering complaints, Ombudsman and front of house.
Director of Finance and Support	MTPS66	L2 Saving	(40,000)	(40,000)	(40,000)	Implementation of the Value for Money Review of the Print Room, resulting in the outsourcing of part of the print room function.
Director of Finance and Support	MTPS54	L2 Saving	(22,497)	(23,361)	(24,025)	Take out Face to Face operations
Director of Finance and Support	MTPS111	L2 Saving	(174,274)	(176,292)	(180,544)	Restructure of the Finance Section.
Director of Finance and Support	MTPS127	L2 Saving	(12,300)	(12,300)	(12,300)	Renegotiate s/ware contract (£3k). New search engine (£4.6k). Switch to Northgate scan plus (£4.7k)

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Director of Finance and Support	MTPS701	L2 Saving	(120,000)	(120,000)	(120,000)	ICT Restructure
Director of Finance and Support	MTPS703	L2 Saving	(20,000)	(20,000)	(20,000)	Procurement Restructure
Director of Finance and Support	MTPS704/49	L2 Saving	(200,000)	(200,000)	(200,000)	Reduction in council wide training budget, exploring external funding mechanisms
Director of Finance and Support	MTPS723	L2 Saving	(75,000)	(75,000)	(75,000)	Savings as a result of Insurance re tender
Director of Housing	MTPS81	L2 Saving	(29,621)	(76,716)	(165,291)	10% increase in installation, rental of lifelines and HRA contribution to monitoring charges less capital costs over 2 years.
Director of Housing	MTPS602	L2 Saving	(63,820)	(68,944)	(73,682)	Removal of 2 Vacant Private Sector Accommodation Officers posts.
Director of Planning and Regeneration	MTPS504	L2 Saving	(158,000)	(158,000)	(158,000)	Vacant posts will be deleted from establishment. The professional support required by the service as a consequence will be funded from LABGI funding.
Director of Planning and Regeneration	MTPS724	L2 Saving	(423,749)	(190,297)	(156,508)	Planning Dept. Restructuring and keeping posts vacant 09/10 only
Total of Level 2 MTP Savings Options			(4,914,793)	(5,075,315)	(5,537,410)	

2009/10 - 2011/12 General Fund Revenue Budget Build**Income Options**

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Income Options						
Assistant Chief Executive	MTPS528	L1 Income	(2,000)	(2,000)	(2,000)	Increased income from advertising hoardings
Borough Solicitor	OI13	L1 Income	(25,000)	(25,000)	(25,000)	Income budget for recovered court costs in Legal dept
Borough Solicitor	OI14	L1 Income	(29,580)	(29,580)	(29,580)	Increase in fees for driver, vehicle, operator and gambling licences
Borough Solicitor	MTPS518	L1 Income	(72,000)	(72,000)	(72,000)	Sale of land charge data to personal search companies.
Director of Environment and Culture	OI1	L1 Income	(308,000)	(308,000)	(308,000)	Increased income based business growth, Corporate DD's, On-line DDs and Swimming DDs.
Director of Environment and Culture	OI4	L1 Income	(90,000)	(90,000)	(90,000)	Increase the bulky waste collection fee from £10 for 3 items to £25 for 3 items to cover the costs of delivering the service. This is in line with other councils.
Director of Environment and Culture	OI5	L1 Income	(58,065)	(163,465)	(163,465)	Change to the current domestic/recycling rounds to include glass recycling at no extra cost to the authority. Additional income will be generated. This is a spend to save option due to the capital cost of the new glass recycling boxes. The cost of the new
Director of Environment and Culture	OI6	L1 Income	(9,230)	(9,230)	(9,230)	Increase sport facilities fees within parks and open spaces
Director of Environment and Culture	OI2	L1 Income	(12,000)	(12,000)	(12,000)	Introduce flat rate charge for Drain Clearing Service Option. The free drain clearing service will either stop or be provided for a charge.
Director of Environment and Culture	OI10	L1 Income	(55,000)	(55,000)	(55,000)	Project bid led by Police with WNCD for GAF3 funding on CCTV Monitoring for Business area of Brackmills
Director of Environment and Culture	MTPS722	L1 Income	(10,355)	(10,355)	(10,355)	Increased income from swimming lessons(£4.50/lesson)
Director of Finance and Support	OI15	L1 Income	(189,100)	(189,100)	(189,100)	Review of court costs incurred / recovered within Council Tax & NNDR service.

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Director of Housing	OI9	L1 Income	(106,000)	(45,000)	(22,500)	Introduce fees on 'Decent Homes' etc Grants - - charge to cover administrative costs in line with best practice
Director of Housing	OI11	L1 Income	(70,000)	(70,000)	0	Grant income from NCC for the provision of Gateway Services – Agreed for 2 years
Director of Housing	OI12	L1 Income	(60,000)	(60,000)	(60,000)	Introduction of a management fee on all rent bond / guarantee schemes. £50 per month charge to landlords who house NBC customers.
Director of Housing	OI200	L1 Income	(50,000)	(50,000)	(50,000)	Service fee income for Disabled Facilities Grants and Renovation Grants - charge to cover administrative costs in line with best practice
Director of Planning and Regeneration	OI16	L1 Income	(15,000)	(15,000)	(15,000)	Charging for pre-planning and other planning fees
Total Income Options			(1,161,330)	(1,205,730)	(1,113,230)	

2009/10 - 2011/12 General Fund Revenue Budget Build**Investment Options**

Directorate	Reference	Type	2009/10 £	2010/11 £	2011/12 £	Description
Investment Options						
Assistant Chief Executive	OG1	L1 Investment	70,860	75,779	79,782	Move two fixed term Performance Officer posts to permanent positions. These posts are fundamental in delivering the Council's Improvement Journey and inspection regime.
Director of Planning and Regeneration	MTPI602	L1 Investment	7,000	7,000	7,000	MKSM subscription
Assistant Chief Executive	MTPI605	L1 Investment	35,000	0	0	Fees and charges shortfall for European Elections
Director of Finance and Support	MTPI40	L1 Investment	76,387	100,000	100,000	Restructure of Human Resources
Director of Finance and Support	MTPI601	L1 Investment	100,000	100,000	100,000	Establish Budget for full time trade union representatives in H.R. These posts were budgeted for within service departments but have been deleted as part of the service restructures
Director of Planning and Regeneration	OG140	L1 Investment	10,000	10,000	10,000	Financial support to work of River Nene Regional Park (RNRP)
Director of Planning and Regeneration	OG142	L1 Investment	17,500	17,500	30,000	Funding for the Economic Intelligence Section to support the Northampton Enterprise (NEL)
Director of Environment and Culture	MTPI606	L1 Investment	10,000	10,000	10,000	Additional cleaning in the Bus Station
Director of Environment and Culture		L1 Investment	35,000	35,000	35,000	Funding for maintenance and NNDR on empty property.
Director of Housing	MTPI27	L1 Investment	14,200	16,200	16,200	Reduced licence fees from HMOs
Total Investment Options			375,947	371,479	387,982	

Key Issues in Medium Term Financial Planning 2009-12 Onwards

Ref	Issue	National Issues/Implications	Effect on Northampton Borough Council
1	Continuous improvement	Part of CAA Framework	Service planning to produce improvements, issue of better measurement. – CAA Rating
2	Medium Term Planning	National push for better planning	Continued development, especially integration of policies, performance, and cost.
3	Growth	Plans for the MKSM area for the future. Require national resolution and funding.	Costs exceed resources. Need to link in with regional and national efforts.
4	Decent Homes Standard	Government target to meet the decent homes standard by 2010	Pressure to fund the programme to meet the Government target
5	Change to CAA	Significant change in criteria, especially use of resources	Criteria tougher and more wide reaching than CPA, including asset management and environment KLoEs
6	Efficiency	More demanding targets from 2008/09. Efficiency savings need to be acted on quickly and embedded. Targets tightened again for 2009/10 as per Chancellor's pre budget report	Monitor and drive the achievement of efficiency savings Encourage more efficient ways of working and procuring goods and services
7	Formula Grant	3 year settlement particularly poor for districts, with ongoing financial implications for both services and council tax levels	Funding allocations, formula and population projection method disadvantages NBC. Need to participate at a county, regional, and national level to make our case.
8	Asset Management Improvements	Ties in with the new CAA proposals for Use of Resources and to ensure best Value for Money	Improvements to planning and management of the Council's assets (property and non-property)

9	Asset Disposals	Ties in with the new CAA proposals for Use of Resources	Planned capital receipts from the sale of the council's assets to be closely managed and monitored.
10	Planning of budgets to match Council's projected funding		Through the medium term planning process the authority must examine its net expenditure to meet the limitations of its funding.
11	LABGI	National amount reduced to £150m over three years compared to over £1bn in the previous three years	Also uncertainty as the method of distribution is to change.
12	Equal Pay and Single Status	National drive for equal pay in local Government	Impact currently being assessed – negotiations ongoing. Pay and Grading work
13	Risks and Reserves		See annex 9
14	Concessionary Fares	New National Scheme	Uncertain as yet what the impact will be in terms of take up and related cost.
15	Economic Change	Significant increase in Global Economic instability since October 2008. Also, widespread impact of recession, and downturn in housing and financial markets. In addition, material fluctuations in inflation and energy prices during 2008/09	Significant uncertainty in relation to several key income streams, such as investment income, planning income, and building control income. Also creates difficulties in making estimates of future prices, in cost areas where markets and inflation rates are unstable.
16	Parking Fees	Trend of significant downturn in parking income year on year, could also be impacted by economic uncertainty.	Unpredictability of future income streams means that continuing close monitoring of this area will be essential.

Statement of the Chief Finance Officer Under the Requirements of Section 25 of the Local Government Act 2003

Robustness of Budget Estimates and Adequacy of Reserves

1. Introduction

- 1.1 This annex focuses on two responsibilities of the Council's Chief Financial Officer under the Local Government Act 2003, which are:
- a) the robustness of the estimates
 - b) the adequacy of the reserves
- 1.2 This document will be updated for the Council meeting on 26 February 2009 if necessary.

2. Processes

- 2.1 Budget estimates are an assessment of future expenditure and income at a point in time. This statement on the robustness of the estimates gives members a reasonable degree of confidence that the budget has been based on the best available information and assumptions at the time it was built. It cannot, however, give any guarantees about the budget.
- 2.2 In order to meet the requirement on the robustness of estimates, the budget process incorporated a number of key elements, including:
- a) Issuing clear guidance to service accountants and budget managers
 - b) Peer review by finance staff involved in preparing the Continuation Budget
 - c) A medium term planning process that highlights priority services and identifies efficiency savings
 - d) Detailed challenge of the budget by Management Board and Cabinet members
 - e) The Chief Finance Officer providing advice throughout the process on robustness, including vacancy factors, avoiding unallocated savings, reflecting current demand and service standards (unless standards and/or eligibility are to be changed through policy changes).
 - f) Scrutiny of the robustness of estimates by the Chief Finance Officer, including review of risk on each option, reported to Audit Committee 17 February 2009.
- 2.3 In addition to these arrangements, which aim to test the budget throughout the various stages of its development, considerable reliance is placed on Directors and Heads of Service having proper arrangements in place to identify issues, project demand data, and consider value for money and efficiency.

3. Robustness of Estimates

General Fund Budget

- 3.1 In addition to improving efficiency, the Council has two choices:
- a) To increase financial resources to meet demand and thereby reduce the risk of overspending in 2009/10; or
 - b) To reduce (where possible) service levels and standards, frequency of service delivery, eligibility for services and thereby reduce the risk of overspending in 2009/10
- 3.2 As part of developing the budget, members of the administration have considered these options and the outcomes of these deliberations are reflected in the budget proposed.
- 3.3 The factors taken into account in developing the draft budget are shown in the tables below.

Review of Risk in the General Fund Budget

- 3.4 The Chief Finance Officer led a detailed review of the risks in the proposals from each Head of Service, considering deliverability, links to other proposals, and possible impacts on those, risks to partner organisations, risks from the economic climate, and impact on customers, among others.
- 3.5 Each proposal was assigned a risk level of Red (for high risk), Amber (for medium risk), and Green (for low risk).
- 3.6 As a result of the risk assessment a number of options were modified or removed from the proposed budget.
- 3.7 In relation to the remainder, the risks inherent in the budget proposals have been factored into the risk assessment of reserves.
- 3.8 Details of the risk review of the budget and a summary of the risk assessment of reserves was reported to the Audit Committee at its meeting of 17 February 2009.

Table 1 – Robustness of Estimates – Environment and Culture

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	<p>2% has been provided in the 2009/10 budget for the pay award, and 2.45% for the 2010/11 and 2011/12 pay awards.</p> <p>A vacancy factor of 2.5% has been built into the budgets for all 3 years, which should be achieved 'naturally'.</p>
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Environment and Culture Directorate were calculated using previous trends and future forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Among other items, specific pressures have been identified in relation to parking fee income in particular.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The Environment and Culture Directorate has reviewed its services to establish whether services can be delivered more efficiently. Savings have been identified through negotiation of new contracts and changes in working practices</p>

Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	The Directorate will manage financial risks through consistent monitoring of the revenue budget and capital programme, and by identifying and implementing management actions should any overspends arise.
The availability of other funds to deal with major contingencies.	There are no contingency funds specifically available to this Directorate other than the specific earmarked reserve for Arts. The Directorate will continue to undertake in-year monitoring of volatile budgets and produce a managed response to budget pressures.
The Directorate's track record in budget and financial management.	The Environment and Culture Directorate's recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an overspend of £668k for 2008/09.
The Directorate's capacity to manage in-year budget pressures	The Environment and Culture Directorate undertakes regular monthly monitoring to promptly identify budget pressures and savings. It is improving its ability to develop and monitor action plans and implement solutions to address such pressures as necessary.

Table 2 – Robustness of Estimates – Finance and Support Services

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	2% has been provided in the 2009/10 budget for the pay award, and 2.45% for the 2010/11 and 2011/12 pay awards. A vacancy factor of 2.5% has been built into the budgets for all 3 years, which should be achieved 'naturally'.

<p>The treatment of demand led pressures</p>	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Finance and Support Directorate were calculated using previous trends and future forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Specific demand led pressures have been identified including:</p> <p>Demand for the Government's revised concessionary fares scheme, which has far outstripped the funding provided to this authority for this purpose.</p> <p>Decline in commercial letting income due to the economic situation locally.</p> <p>Increased demands and usage of the council's customer services facilities, resulting in increased need for relevant software and associated licences.</p>
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<p>The treatment of efficiency savings/productivity gains.</p>	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level and timing of savings.</p> <p>The Finance and Support Services Directorate has reviewed its services to establish whether they can be delivered more efficiently. Savings have been identified through changes in working practices, contract changes, restructuring, and pro-active rateable value appeals.</p>
<p>Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments</p>	<p>The Directorate will manage existing financial risks through consistent, evidenced monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
<p>The availability of other funds to deal with major contingencies.</p>	<p>There are contingency funds specifically available in relation to earmarked reserves for Pay and Grading, Concessionary Fares, emergency Building Maintenance, insurance, and core business systems only available to this Directorate.</p> <p>The Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2008/09 budget monitoring in the 2009/10 budget where appropriate.</p>

<p>The Directorate's track record in budget and financial management.</p>	<p>The Finance and Support Services Directorate's recent track record of budget and financial management is that as at month 9 the Directorate has a forecast under spend of £454k for 2008/09.</p> <p>This reflects the high risk and volatile budgets that are held within this Directorate and emphasises the importance of effective budget monitoring in this area.</p>
<p>The Directorate's capacity to manage in-year budget pressures</p>	<p>The Finance and Support Services Directorate undertakes regular monthly monitoring to promptly identify budget pressures and savings. It endeavours to develop and monitor action plans and implement solutions to address pressures as necessary.</p>

Table 3 – Robustness of Estimates – Planning & Regeneration

Budget Assumption	Commentary on Robustness
<p>The treatment of inflation and interest rates</p>	<p>2% has been provided in the 2009/10 budget for the pay award, and 2.45% for the 2010/11 and 2011/12 pay awards.</p> <p>A vacancy factor of 2.5% has been built into the budgets for all 3 years, which should be achieved 'naturally'.</p>
<p>The treatment of demand led pressures</p>	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p>

	<p>The budgets for demand led services in the Planning & Regeneration Directorate have been calculated using previous trends and forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Specific pressures that have been identified include planning fee income and building control income, which have both fallen significantly due to the condition of the housing market and the effects of the global financial position.</p>
<p>The treatment of efficiency savings/productivity gains.</p>	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The Planning & Regeneration Directorate has reviewed its services to establish whether services can be delivered more efficiently. Savings have been identified through changes in working practices predominantly through setting up the JPU.</p>
<p>Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments</p>	<p>The Directorate will manage existing financial risks through consistent monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>

<p>The availability of other funds to deal with major contingencies.</p>	<p>The Directorate has no specific contingent reserves available to it.</p> <p>The Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2008/09 budget monitoring in the 2009/10 budget where appropriate.</p>
<p>The Directorate's track record in budget and financial management.</p>	<p>The People, Planning & Regeneration Directorate's recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an under spend of £15k for 2008/09.</p>
<p>The Directorate's capacity to manage in-year budget pressures</p>	<p>The Planning & Regeneration Directorate undertakes regular monthly monitoring to promptly identify budget pressures and savings. It endeavours to develop and monitor appropriate action plans and implement solutions to address such pressures as necessary.</p>

Table 4 – Robustness of Estimates – Assistant Chief Executive

Budget Assumption	Commentary on Robustness
<p>The treatment of inflation and interest rates</p>	<p>2% has been provided in the 2009/10 budget for the pay award, and 2.45% for the 2010/11 and 2011/12 pay awards.</p> <p>A vacancy factor of 2.5% has been built into the budgets for all 3 years, which should be achieved 'naturally'.</p>
<p>The treatment of demand led pressures</p>	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p>

	<p>The budgets for demand led services in the Assistant Chief Executive areas have been calculated using previous trends and forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>No specific demand led pressures have been identified in the Assistant Chief Executive's area.</p>
<p>The treatment of efficiency savings/productivity gains.</p>	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The Assistant Chief Executive areas have reviewed their services to establish whether they can be delivered more efficiently. Savings have been identified through changes in working practices.</p>
<p>Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments</p>	<p>The Assistant Chief Executive will manage existing financial risks through consistent monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
<p>The availability of other funds to deal with major contingencies.</p>	<p>The Assistant Chief Executive area has no specific contingent reserves available to it.</p> <p>The Assistant Chief Executive will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2008/09 budget monitoring in the 2009/10 budget where appropriate.</p>

The Directorate's track record in budget and financial management.	The Assistant Chief Executive areas' recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an under spend of £39k for 2008/09.
The Directorate's capacity to manage in-year budget pressures	The Assistant Chief Executive areas undertake regular monthly monitoring to promptly identify budget pressures and savings. It endeavours to develop and monitor appropriate action plans and implement solutions to address such pressures as necessary.

Table 5 – Robustness of Estimates – Borough Solicitor

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	2% has been provided in the 2009/10 budget for the pay award, and 2.45% for the 2010/11 and 2011/12 pay awards. A vacancy factor of 2.5% has been built into the budgets for all 3 years, which should be achieved 'naturally'.
The treatment of demand led pressures	All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.
	The budgets for demand led services in the Borough Solicitor area have been calculated using previous trends and forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate. Specific pressures that have been identified include licensing income and land charges income, which have both fallen significantly due to the effects of the global financial position.

<p>The treatment of efficiency savings/productivity gains.</p>	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and that efficiency savings proposed are realistic in terms of both the level of savings and the timing.</p> <p>The Borough Solicitor has reviewed the services to establish whether services can be delivered more efficiently.</p>
<p>Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments</p>	<p>The Borough Solicitor will manage existing financial risks through consistent monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
<p>The availability of other funds to deal with major contingencies.</p>	<p>The Borough Solicitor has only the St Peters Way earmarked reserve available to it.</p> <p>The Borough Solicitor will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2008/09 budget monitoring in the 2009/10 budget where appropriate.</p>
<p>The Directorate's track record in budget and financial management.</p>	<p>The Borough Solicitor area's recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an over spend of £136k for 2008/09.</p>
<p>The Directorate's capacity to manage in-year budget pressures</p>	<p>The Borough Solicitor area undertakes regular monthly monitoring to promptly identify budget pressures and savings. It endeavours to develop and monitor appropriate action plans and implement solutions to address such pressures as necessary.</p>

Table 6 – Robustness of Estimates – Housing General Fund

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	<p>2% has been provided in the 2009/10 budget for the pay award, and 2.45% for the 2010/11 and 2011/12 pay awards.</p> <p>A vacancy factor of 2.5% has been built into the budgets for all 3 years, which should be achieved 'naturally'.</p>
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the Housing Directorate have been calculated using previous trends and forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Specific pressures that have been identified include HMO licence income, which is below budget for 2008/09 and expected to remain so.</p>
The treatment of efficiency savings/productivity gains.	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and that efficiency savings proposed are realistic in terms of both the level of savings and the timing.</p> <p>The Housing Directorate has reviewed the services to establish whether services can be delivered more efficiently. Savings have been identified through changes in working practices.</p>

<p>Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments</p>	<p>The Housing Directorate will manage existing financial risks through consistent monitoring of the revenue budget and capital programme and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
<p>The availability of other funds to deal with major contingencies.</p>	<p>The Housing Directorate has no earmarked reserves available to it.</p> <p>The Housing Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.</p> <p>Steps have been taken to address the major issues that have been identified through the 2008/09 budget monitoring in the 2009/10 budget where appropriate.</p>
<p>The Directorate's track record in budget and financial management.</p>	<p>The Housing Directorate's recent track record of financial management is that as at month 9 the Housing General Fund is forecasting an under spend of £48k for 2008/09.</p>
<p>The Directorate's capacity to manage in-year budget pressures</p>	<p>The Housing Directorate undertakes regular monthly monitoring to identify budget pressures and savings promptly. It endeavours to develop and monitor appropriate action plans and implement solutions to address such pressures as necessary.</p>

Table 7 – Robustness of Estimates – Debt Financing

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	Based on the latest projections from the Council's Treasury advisors, Sector, an average interest rate of 2% has been assumed for 2009/10 on investments, with interest on borrowing budgeted at 4.5%.
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	<p>This is a volatile budget and there are recognised risks to delivering this budget depending on the level of borrowing the authority needs to undertake to fund its capital programme and the interest rates available for both borrowing and investment.</p> <p>The Directorate will manage existing financial risks through consistent monitoring of the revenue budget and by identifying, implementing, and monitoring management actions should any overspends arise.</p>
The availability of other funds to deal with major contingencies.	<p>There are no specific contingencies for debt financing, however the volatility of the elements that constitute this budget has been recognised in the risk assessment of general reserves.</p> <p>The Directorate will continue to monitor this volatile budget in year and produce a managed response to budget pressures.</p>
The Directorate's track record in budget and financial management.	The Debt Financing area's recent track record of budget and financial management is that as at month 10 the Directorate is forecasting an underspend of £250k for 2008/09 due mainly to higher interest rates than budgeted in the first part of the financial year, higher cash levels available for investment and more proactive use of investment vehicles such as bank and building society deposit and call accounts.

The Directorate's capacity to manage in-year budget pressures	Regular monthly monitoring is undertaken on the debt financing budget to promptly identify budget pressures and savings. The Directorate endeavours to develop and monitor appropriate action plans and implement solutions to address pressures as necessary.
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Table 5 – Robustness of Estimates – HRA

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	2% has been provided in the 2009/10 budget for the pay award, and 2.45% for the 2010/11 and 2011/12 pay awards.
The treatment of demand led pressures	<p>All Heads of Service have reviewed their base budgets, including demand led pressures. Directorates are expected to put forward management and policy actions to manage additional demand within the relevant legislation either within the relevant budget or by reprioritising the Directorate budgets.</p> <p>The budgets for demand led services in the HRA were calculated using previous trends and future forecasts of the volatility of expenditure demands and income streams, taking account of the current economic climate.</p> <p>Among other items, specific pressures have been identified in relation to the cost of HRA subsidy, rent pressures through the rent restructuring process and repairs costs through the pressure to meet and maintain the decent homes standard.</p>

<p>The treatment of efficiency savings/productivity gains.</p>	<p>All Directors and Heads of Service have a responsibility to ensure the efficient delivery of services, and when efficiency savings are proposed that those savings are realistic in terms of both the level of savings and the timing.</p> <p>The HRA services have been reviewed to establish whether services can be delivered more efficiently.</p>
<p>Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments</p>	<p>The Housing Directorate will manage financial risks through consistent monitoring of the revenue budget and capital programme, and by identifying and implementing management actions should any overspends arise.</p>
<p>The availability of other funds to deal with major contingencies.</p>	<p>The HRA maintains a prudent level of balances in reserves to deal with any contingencies that arise.</p> <p>The HRA has a specific reserve of, which relates to capital and funds for leaseholder review.</p> <p>The HRA will continue to undertake in-year monitoring of volatile budgets and produce a managed response to budget pressures.</p>
<p>The Directorate's track record in budget and financial management.</p>	<p>The HRA's recent track record of budget and financial management is that as at month 9 the HRA is forecasting an over spend of £903k for 2008/09.</p>
<p>The Directorate's capacity to manage in-year budget pressures</p>	<p>The HRA undertakes regular monthly monitoring to promptly identify budget pressures and savings. It has the ability to develop and monitor action plans and implement solutions to address such pressures as necessary.</p>

3.4 Overall the Chief Finance Officer considers the estimates to be robust within the assumptions that have been made. Where risks have been identified, these have been taken into account in the risk assessment of reserves (see below).

- 3.5 Performance against the budget will be monitored regularly throughout the financial year, and will be reported to Cabinet by means of formal reports.
- 3.6 If necessary management action will be identified to address any adverse variances to the budget.
- 3.7 The assumptions and potential changing circumstances mean that forecasts for future years need to be reviewed each financial year.

4 Capital Budget

- 4.1 Directorate project managers put forward project bids for the capital programme with full adherence to the corporate capital project appraisal procedures and Financial Regulations.
- 4.2 The appropriate Directors and Cabinet Member(s) have been consulted and the proposed programme is fully funded.
- 4.3 Projects have been costed at current year prices with many being subject to tender processes after inclusion in the programme, which may lead to variances in the final cost.
- 4.4 The Council has to work within a fixed cash envelope, so any under provision must be found from within these limits.
- 4.5 The risk of the Council being unable to finance variations to the programme is considered to be low due to the phasing of projects. If necessary the Council may freeze parts of the programme within the financial year (where permitted under contractual obligations) to ensure that spend is kept within the agreed limits.
- 4.6 The main risk in the capital programme is delivery of the projects to time. Slippage from one year to the next can increase pressure on the programme in the following year.

5 Adequacy of Reserves

- 5.1 The Secretary of State has reserve powers under the Local Government Act 2003 to set a minimum level of reserves. It is more likely that this power would be exercised where an authority is running down its reserves against the advice of the Chief Financial Officer.
- 5.2 There is no precise methodology for calculating the adequacy of reserves. It is the Council's safety net for unforeseen circumstances and must last the lifetime of the Council, unless contributions are made from the revenue budget. The minimum level of balances cannot be judged merely against the current risks facing the Council, but must be regularly updated as these risks can and will change over time.
- 5.3 An appropriate level of reserves is determined by a professional judgement based on local circumstances including overall budget value, risks and robustness of budgets, major initiatives being undertaken, budget assumptions, available earmarked reserves and provisions, and the Council's historic record of effective budget management.

- 5.4 Not keeping a minimum prudent level of reserves can have serious consequences. In the event of a major problem or series of adverse events, the authority could be forced to cut spending on other areas during the year in a potentially damaging and arbitrary way.
- 5.5 The Chief Financial Officer has developed a risk management approach to the level of reserves and determined that the minimum level for 2009/10 is £2.5m, and should be increased to £2.75m over the medium term.
- 5.6 In arriving at the recommendation on the minimum prudent level of reserves strategic, operational, and financial risks have been taken into account, as has the robustness of estimates information (above).
- 5.7 Issues taken into account include:
- a) There is always some degree of uncertainty over whether the full effects of any efficiency measures/increased income will be achieved. Heads of Service have been asked to be prudent in their assumptions, particularly in relation to demand led budgets.
 - b) The Bellwin Scheme Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The local authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by Government. The assistance is usually 85% of eligible costs over the threshold. (Up to the threshold the authority must meet 100% of the costs.) The scheme applies to any incident where conditions occur that are clearly exceptional by local standards and the damage to local authority infrastructure or communities must be exceptional in relation to normal experience. In the first instance these costs would be met from reserves.
 - c) The risk of major litigation.
 - d) Unplanned volume increases in major demand led budgets, particularly in the context of a growing town.
 - e) Potential short term differences between the Council's Insurance Reserve and outstanding liabilities, although these should be remedied by the following financial year.
 - f) The need to retain a general contingency to provide for any unforeseen circumstances which may arise.
 - g) The need to retain reserves for general day to day cash flow management.
 - h) Specific high-risk service issues that were identified during the 2008/09 financial year.

5.8 The Chief Financial Officer therefore recommends

- a) that a minimum prudent level of reserves be set at £2.5m for 2009/10 and increased over time to £2.75m by 2010/11. This will be reviewed at least annually. This minimum level is designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year.
- b) That it be noted that this does not represent a medium-long term safe level of reserves. The level can only accommodate the impact of significant events up to the level set, and would need to be replenished if one or more such events actually occur.

6 General Fund Earmarked Reserves

6.1 The table below shows the current forecast balance of all earmarked reserves held by the Council.

Reserve	Balance as at 31/03/2008	Additions to Reserves	Use of/ Reductions to Reserves	Forecast Balances as at 31/03/2009
	£000s	£000s	£000s	£000s
Insurance	2,237		(452)	1,785
Benefits Clawback	1,300		(1,300)	0
Subsidy Equalisation	550		(50)	500
Core Business Systems	500			500
Building Maintenance	676		(176)	500
Corporate Initiatives (LABGI)	885	83	(674)	294
Service Improvements	215		(102)	113
General	2,135	1,310	(1,305)	2,140
Business Improvement	0	1,000		1,000
Debt Financing	0	460		460
Planning Delivery Grant	0	603		603
s.106 – re landscaping	0	150		150
Arts	23			23
	8,521	3,606	(4,059)	8,068

7 Housing Revenue Account (HRA)

- 7.1 The opening balance for 2008/09 was £5.63m, and the closing balance is currently (as at the end of December 2008) forecast to be £5.97m by the end of March 09.

**Isabell Procter,
Chief Financial Officer**

Assessment of Revenue General Fund Budget proposal to Corporate Plan Priorities

Directorate	Reference	Type	Description	Safer, Greener, and Cleaner Communities	Housing, Health, and Wellbeing	A Confident Ambitious and Successful Northampton	Partnerships and Community Engagement	A well managed organisation that puts the customer at the heart of what we do
MTP Investment Options								
Assistant Chief Executive	OG1	L1 Investment	Move two fixed term Performance Officer posts to permanent positions. These posts are fundamental in delivering the Council's Improvement Journey and inspection regime.			X		X
Assistant Chief Executive	MTP1602	L1 Investment	MKSM subscription			X	X	
Assistant Chief Executive	MTP1603	L1 Investment	Fees and charges shortfall for European Elections					X
Director of Finance and Support	MTP140	L1 Investment	Restructure of Human Resources					X
Director of Finance and Support	MTP1601	L1 Investment	Establish Budget for full time trade union representatives in H.R. These posts were budgeted for within service departments but have been deleted as part of the service restructures.				X	X
Director of Planning and Regeneration	OG140	L1 Investment	Financial support to work of River Nene Regional Park (RNRP)	X			X	X
Director of Planning and Regeneration	OG142	L1 Investment	Funding for the Economic Intelligence Section to support the Northampton Enterprise (NEL)			X	X	
Director of Environment and Culture	MTP1605	L1 Investment	Funding for maintenance and NNDR on empty property.			X	X	
Director of Environment and Culture	MTP1606	L1 Investment	Additional cleaning in the Bus Station			X		
Director of Environment and Culture	MTP127	L1 Investment	Reduced licence fees from HMOs		X			X

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT £	2008/2009 Value Incl VAT £
Waste Services				
Bulky Waste Collection	Up to three items	Non - S	25.00	10.00
Skip Collection Service	Non - recyclable waste - per tonne Mileage charge to be added to 2009/10, prices available on application	Non - S	135.08	123.14
	Waste above one tonne - prices available from Waste Minimisation Team			
Skip Hire	1 - 7 Day Hire	Non - S	POA	POA
Domestic Sacks	per 91	Non - S	4.30	4.28
Charity Sacks	per 25	Non - S	26.43	26.23
Cemetery				
Grant of Right	Adult Grave for 1 - 5'6"	Non - S	422.40	352.00
	Adult Grave for 2 - 6'6"	Non - S	488.40	407.00
	Adult Grave for 3 - 7'6"	Non - S	554.40	462.00
	Child	Non - S	84.00	70.00
	Cremated Remains	Non - S	158.40	132.00
Internment Fee Mon - Friday	Grave depth 7'6"	Non - S	528.00	440.00
	Grave depth 6'6"	Non - S	462.00	385.00
	Grave depth 5'6"	Non - S	422.40	352.00
	Child up to 12 Years	Non - S	66.00	55.00
	Cremated Remains	Non - S	158.40	132.00
	Scattering of Ashes	Non - S	21.60	18.00
	Mausoleum	Non - S	3854.40	3212.00
Vault	Grant of Right and First Interment	Non - S	844.80	704.00
	Second Interment	Non - S	396.00	330.00
Memorial Erection Rights	Headstone - Adult	Non - S	112.80	94.00
	Headstone - Child	Non - S	28.80	24.00
	Vase - Plain	Non - S	15.00	Free
	Vase - Inscribed	Non - S	52.80	44.00
Kerb Sets	Kerb only	Non - S	171.60	143.00
	Kerb and Headstone	Non - S	284.40	237.00
	Memorial Tablet	Non - S	52.80	44.00
	Additional Inscription	Non - S	39.60	33.00
	Grave Number Marker	Non - S	16.80	14.00
	Use of Chapel	Non - S	66.00	55.00
	Use of Chapel - Winter fuel charge	Non - S	7.20	6.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
	Search Fee (Inc VAT) - Medium search	Non - S	24.00	20.00
	Search Fee (Inc VAT) - Full search	Non - S	66.00	55.00
Non Resident Fees - families that have resided outside the Borough for more than 5 years are charged at 100% on all the above				
Allotments				
Standard Plot	10 Poles	Non - S	30.00	27.37
Half size	5 Poles	Non - S	15.00	13.69
	OAP Discount		50%	30%
Gate Key Fee - either £6 or £4 dependent on type of lock used				
Parks				
Football	Senior Pitch	Non - S	28.00	22.70
	Junior Pitch	Non - S	8.00	5.70
Rugby	Senior Pitch	Non - S	28.00	22.70
	Junior Pitch	Non - S	14.00	11.40
	Flags per match	Non - S	3.00	2.20
Hockey	Senior Pitch	Non - S	28.00	22.70
	Junior Pitch	Non - S	14.00	11.40
	Winter changing facilities for the above			
	Mon - Sat	Non - S	9.00	6.80
	Sunday	Non - S	14.00	10.30
Cricket	Day Match	Non - S	39.00	34.00
	Evening Match	Non - S	26.00	22.70
	Junior School Match	Non - S	13.00	11.40
	Junior Practice Wicket	Non - S	13.00	11.40
	Hire of Scorers Tent	Non - S	17.00	14.70
Bowls	Rink per person , per hour	Non - S	2.00	1.70
	OAP's & Unemployed	Non - S	2.00	1.15
	Matches - 3 rinks per hour	Non - S	18.00	17.00
	Matches - 4 rinks per hour	Non - S	24.00	22.70
	Matches - 5 rinks per hour	Non - S	30.00	28.40
	Hire of Bowls per game	Non - S	1.00	0.50
	Hire of Shoes per game	Non - S	1.00	0.35
Tennis	Per court per hour	Non - S	4.00	3.40
	Children per hour	Non - S	2.00	1.70
	Junior School parties per hour	Non - S	3.00	2.80
Putting	Per round per player	Non - S	1.00	0.60
9 Hole - Par 3	Per round per player	Non - S	3.00	2.50
	Deposit, per player	Non - S	6.00	5.00
	Summer changing facilities for the above			
	Mon - Sat	Non - S	8.00	5.70
	Sunday	Non - S	14.00	10.30

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Call Care				
Non - HRA	Lifelines - Inside Borough Yearly Charge	Non - S	248.17	230.37
	Lifelines - Inside Borough Charge per week	Non - S	4.77	4.43
	Lifelines - Outside Borough Yearly Charge	Non - S	269.10	249.94
	Lifelines - Outside Borough Charge per week	Non - S	5.18	4.81
	Installation Charges - Inside Borough	Non - S	54.15	50.30
	Installation Charges - Outside Borough	Non - S	66.33	61.61
	Monitoring Charges Yearly Charge	Non - S	81.31	75.74
	Monitoring Charges Charge per week	Non - S	1.56	1.46
	Environmental Health Yearly Charge	Non - S	57.41	53.02
	Environmental Health Charge per week	Non - S	1.10	1.02
Licensing Fees				
Gambling Act 2005				
New Application	Existing Casino	S	N/a	N/a
	New Small Casino	S	7,200.00	7,200.00
	New Large Casino	S	9,000.00	9,000.00
	Regional Casino	S	13,500.00	13,500.00
	Bingo Club	S	3,150.00	3,150.00
	Betting Premises	S	2,700.00	2,700.00
	Tracks	S	2,250.00	2,250.00
	Family Entertainment Centre	S	1,800.00	1,800.00
	Adult Gaming Centre	S	1,800.00	1,800.00
Apply to Vary	Existing Casino	S	1,800.00	1,800.00
	New Small Casino	S	3,600.00	3,600.00
	New Large Casino	S	4,500.00	4,500.00
	Regional Casino	S	6,750.00	6,750.00
	Bingo Club	S	1,575.00	1,575.00
	Betting Premises	S	1,350.00	1,350.00
	Tracks	S	1,125.00	1,125.00
	Family Entertainment Centre	S	900.00	900.00
	Adult Gaming Centre	S	900.00	900.00
Apply to Transfer	Existing Casino	S	1,215.00	1,215.00
	New Small Casino	S	1,620.00	1,620.00
	New Large Casino	S	1,935.00	1,935.00
	Regional Casino	S	5,850.00	5,850.00
	Bingo Club	S	1,080.00	1,080.00
	Betting Premises	S	1,080.00	1,080.00
	Tracks	S	855.00	855.00
	Family Entertainment Centre	S	855.00	855.00
	Adult Gaming Centre	S	1,080.00	1,080.00

Activity / Item	Basis	S / Non - S	2009/2010	2008/2009
			Value Incl VAT	Value Incl VAT
Licensing Fees				
Gambling Act 2005				
Apply for Re-instatement				
	Existing Casino	S	1,215.00	1,215.00
	New Small Casino	S	1,620.00	1,620.00
	New Large Casino	S	1,935.00	1,935.00
	Regional Casino	S	5,850.00	5,850.00
	Bingo Club	S	1,080.00	1,080.00
	Betting Premises	S	1,080.00	1,080.00
	Tracks	S	855.00	855.00
	Family Entertainment Centre	S	855.00	855.00
	Adult Gaming Centre	S	1,080.00	1,080.00
	Copy Licence	S	20.00	20.00
Apply for Provisional Statement				
	Existing Casino	S	N/a	N/a
	New Small Casino	S	7,200.00	7,200.00
	New Large Casino	S	9,000.00	9,000.00
	Regional Casino	S	13,500.00	13,500.00
	Bingo Club	S	3,150.00	3,150.00
	Betting Premises	S	2,700.00	2,700.00
	Tracks	S	2,250.00	2,250.00
	Family Entertainment Centre	S	1,800.00	1,800.00
	Adult Gaming Centre	S	1,800.00	1,800.00
Full Licence Application - Provisional Statement				
	Existing Casino	S	N/a	N/a
	New Small Casino	S	2,700.00	2,700.00
	New Large Casino	S	4,500.00	4,500.00
	Regional Casino	S	7,200.00	7,200.00
	Bingo Club	S	1,080.00	1,080.00
	Betting Premises	S	1,080.00	1,080.00
	Tracks	S	855.00	855.00
	Family Entertainment Centre	S	855.00	855.00
	Adult Gaming Centre	S	1,080.00	1,080.00
Annual Fee				
	Existing Casino	S	2,720.00	2,720.00
	New Small Casino	S	4,530.00	4,530.00
	New Large Casino	S	9,060.00	9,060.00
	Regional Casino	S	13,590.00	13,590.00
	Bingo Club	S	910.00	910.00
	Betting Premises	S	540.00	540.00
	Tracks	S	910.00	910.00
	Family Entertainment Centre	S	680.00	680.00
	Adult Gaming Centre	S	910.00	910.00
Notification of Change				
	Existing Casino	S	45.00	45.00
	New Small Casino	S	45.00	45.00
	New Large Casino	S	45.00	45.00
	Regional Casino	S	45.00	45.00
	Bingo Club	S	45.00	45.00
	Betting Premises	S	45.00	45.00
	Tracks	S	45.00	45.00
	Family Entertainment Centre	S	45.00	45.00
	Adult Gaming Centre	S	20.00	20.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Premises Grant & Variation	Notifications Section 34	S	50.00	50.00
	Machines New	S	100.00	100.00
	Club Permits Pt 2 & 3 New	S	100.00	100.00
	Band A Rateable Property	S	100.00	100.00
	Band B Rateable Property	S	190.00	190.00
	Band C Rateable Property	S	315.00	315.00
Annual Fees	Band D Rateable Property	S	450.00	450.00
	Band E Rateable Property	S	635.00	635.00
	Band A Rateable Property	S	70.00	70.00
	Band B Rateable Property	S	180.00	180.00
	Band C Rateable Property	S	295.00	295.00
	Band D Rateable Property	S	320.00	320.00
	Band E Rateable Property	S	350.00	350.00
	Personal (Grant or Renewal)	S	37.00	37.00
	Temporary Event Notice	S	21.00	21.00
	Theft, loss etc. of Premises Licence or Summary	S	10.50	10.50
	Provisional Statement	S	315.00	315.00
	Personal Notification of Change of Address	S	10.50	10.50
	Variation of Specified Person as Premises Supervisor	S	23.00	23.00
	Transfer of Premises Licence	S	23.00	23.00
	Interim Authority Notice	S	23.00	23.00
	Theft, loss etc. of Club Certificate	S	10.50	10.50
	Notification of Change of Name or Rules of a Club	S	10.50	10.50
	Change of Registered Address of a Club	S	10.50	10.50
	Theft, Loss of Temporary Event Notice	S	10.50	10.50
	Theft, Loss of Personal Licence	S	10.50	10.50
	Premises - Duty to Notify a Change of Address	S	10.50	10.50
Right of Freeholder to be Notified	S	21.00	21.00	
Hackney Carriage & Private Hire Fees				
Drivers Licence Fees	New Grant/ Renewal	Non - S	45.50	40.00
	Renewal of licence with CRB	Non - S	91.50	76.00
	Failure to attend CRB Appointment	Non - S	10.00	-
	Combined New Grant / Renewal	Non - S	57.00	50.00
	Hackney Carriage written Test	Non - S	50.00	15.00
	Replacement HC or PH Badge	Non - S	15.00	10.00
	Replacement HC or PH Licence	Non - S	20.00	15.00
	Vehicle Fees	Temporary Private Hire/ Hackney Badge	Non - S	10.00
New Private Hire/Hackney Application (inc bracket)		Non - S	90.00	75.00
Vehicle Licence every 6 months		Non - S	85.00	75.00
Transfer of vehicle		Non - S	10.00	-
Replacement Vehicle Plate		Non - S	15.00	10.00
Replacement Vehicle Licence		Non - S	20.00	15.00
Replacement Platform Plate		Non - S	10.00	10.00
Replacement Condition Booklet		Non - S	5.00	-
Replacement Fixing Bracket		Non - S	10.00	-

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Operator renewal	Annual Private Hire Operators Licence	Non - S	300.00	200.00
	Operator Renewal Number of vehicles			
	1	Non - S	200.00	200.00
	2-5	Non - S	300.00	200.00
	6-20	Non - S	400.00	200.00
	20-30	Non - S	500.00	200.00
	30-40	Non - S	600.00	200.00
	40-50	Non - S	700.00	200.00
	50-60	Non - S	800.00	200.00
	60-70	Non - S	900.00	200.00
	70+	Non - S	1,000.00	200.00
	Notification of change of named Operator	Non - S	200.00	-
	Driver Induction Course	Non - S	350.00	350.00
	Recovery of monies when Cheque not Honoured	Non - S	30.00	-
Miscellaneous				
Car Boot	Pitches 1 - 20 Registration Fee	Non - S	No Fee	No Fee
	Fee per Event	Non - S	No Fee	No Fee
	Pitches 21 - 50 Registration Fee	Non - S	10.00	10.00
	Fee per Event	Non - S	10.00	10.00
	Pitches 51 - 75 Registration Fee	Non - S	20.00	20.00
	Fee per Event	Non - S	15.00	15.00
	Pitches 76 - 100 Registration Fee	Non - S	20.00	20.00
	Fee per Event	Non - S	20.00	20.00
Sex Establishments	Per Year	Non - S	3,000.00	3,000.00
Street Trading Consents	Fee per Day per Year (i.e. Monday - Friday 5 Days x £100.00 + £500.00 per year)	Non - S	100.00	100.00
Election Fees	Copy of Electoral Register			
	Electronic Version	Non - S	230.00	230.00
	Paper copy	Non - S	710.00	710.00
	Confirmation of registration - Individual	Non - S	15.00	15.00
LAND CHARGES				
Standard Fees	Official LLC1 + CON29 Part1 Search	Non - S	Under review	130.00
	Official LLC1 Search	Non - S	Under review	26.00
Non Standard Fees	Part II Optional Enq with CON29 - each	Non - S	15.00	10.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Additional Parcel Fees	Part II Optional Enq without an accompanying CON29 plus £15.00 per question	Non - S	27.15	27.15
	Additional Enquiries - each	Non - S	20.00	20.00
	Additional parcels of land (up to additional 16 parcels) - each	Non - S		
	when submitted with an official LLC1 + CON29 Part1 - each	Non - S	11.50	11.50
Personal Search Fees	LLC1 only Additional Parcel Fee	Non - S	1.00	1.00
	Personal Search	Non - S	11.00	11.00
Copies of Documents	Personal Search Additional parcels of land (up to additional 16 parcels) - each	Non - S	1.00	1.00
	Planning Consent	Non - S	10.00	5.00
	Section 106 Agreement	Non - S	15.00	10.00
	Tree Preservation Order	Non - S	10.00	5.00
Planning All Outline Applications	Other remaining copy documents	Non - S	15.00	10.00
	Sites up to and including 2.5 Hectares	S	335.00 per 0.1 hectare	265.00 per 0.1 hectare
Householder Applications	Site exceeds 2.5 Hectares £8,285 plus £100 per 0.1 Hectares to a maximum £125,000	S	8,285.00	6,625.00
	Alterations/extensions to a single dwelling, including works within boundary (excluding flats)	S	150.00	135.00
Full Applications (and first submissions of reserved matters)	Alterations/extensions to two or more dwellings, including works within boundaries	S	295.00	265.00
	New Dwellings (up to and including 50)	S	335.00 per dwelling	265.00 per dwelling
	New Dwellings (for more than 50) £16,565 plus £100 per	S	16,565.00	13,250.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, no increase in gross floor space or no more than 40m ²	S	170.00	135.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 40m ² but no more than 75m ²	S	335.00	265.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 75m ² but no more than 3750m ²	S	335.00 for each 75m ² or part of	265.00 for each 75m ² or part of

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 3750m ² - £16,565 plus £100 for each additional 75m ² to a max of £250,000	S	16,565.00	13,250.00
	The erection of buildings on land used for agriculture purposes with a site area of no more than 465m ²	S	70.00	50.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 465m ² but not more than 540m ²	S	335.00	265.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 540m ² but no more than 4,215m ² - £335 for first 540m ² plus £335 for each 75m ² or part thereof	S	335.00	265.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 4,215m ² - £16,565 plus £100 for each additional 75m ² to a max of	S	16,565.00	13,250.00
	Erection of glasshouses on land used for the purposes of agriculture with a floor space no more than 465m ²	S	70.00	50.00
	Erection of glasshouses on land used for the purposes of agriculture with a floor space more than 465m ²	S	1,870.00	1,495.00
	Erection/Alterations/Replacement of plant and machinery on a site no more than 5 hectares	S	335.00 per 0.1 hectare	265.00 per 0.1 hectare
	Erection/Alterations/Replacement of plant and machinery on a site that exceeds 5 Hectares -£16,565 plus £100 per 0.1 Hectares to a maximum £250,000	S	16,565.00	13,250.00
Applications other than Building Works	Car Parks, Service Roads or Other Accesses for existing uses	S	170.00	-
	Waste, Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals on a site no more than 15 hectares	S	170.00 for each 0.1 hectare or part of	-
	Waste, Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals on a site more than 15 hectares - £25,315 plus £100 per 0.1 hectare up to a maximum of £65,000	S	25,315.00	-
	Operations connected with exploratory drilling for oil or natural gas on a site no more than 7.5 hectares	S	335.00 per 0.1 hectare	265.00 per 0.1 hectare

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
	Operations connected with exploratory drilling for oil or natural gas on a site that exceeds 7.5 Hectares £25,000 plus £100 for each 0.1 Hectare to a max £250,000	S	25,000.00	19,875.00
	Other operations - Winning and working of a site that does not exceed 15 Hectares	S	170.00 per 0.1 hectare	135.00 per 0.1 hectare

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Reserved Matters	Other operations - Winning and working of a site that exceeds 15 Hectares - £25,315 plus £100 for each additional 0.1 Hectare up to £65,000	S	25,315.00	20,250.00
	Other operations not coming within any of the above categories up to a maximum £250,000	S	170.00 per 0.1 hectare	135.00 per 0.1 hectare
	Application for approval of reserved matters following outline approval - Full Fee due, or if already paid then £335 due	S	Full fee due	Full fee due
Approval/ Variation/ Discharge of condition	Application for removal or variation of a condition following grant of planning permission	S	170.00	135.00
	Request for confirmation that one or more planning conditions have been complied with - £25 per request for householder	S	25.00 per request	-
	Request for confirmation that one or more planning conditions have been complied with - others £85 per request	S	85.00 per request	-
Change of use of a building	Change of use of a building to use as one or more separate dwelling houses, or other cases, no more than 50 dwelling	S	335.00 for each	265.00 for each
	Change of use of a building to use as one or more separate dwelling houses, or other cases, where change of use exceeds 50 dwelling houses - £16,565 plus £100 for each additional dwelling house up to a maximum of £250,000	S	16,565.00	13,250.00
	Other changes of use, other material change of use of a building or land	S	335.00	265.00
	ADVERTISEMENT			
Lawful development certificates	Advertisement relating to business on the premises	S	95.00	75.00
	Advance signs which are not situated on or visible from the site, directing the public to a business	S	95.00	75.00
	All other advertisements	S	335.00	265.00
Lawful development certificates	LDC - Existing use - in breach of a planning condition	S	Same as full	Same as full
	Existing use LDC - lawful not to comply with a particular condition	S	170.00	-

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Prior Approval	LDC - Proposed Use	S	Half normal planning fee	Half normal planning fee
	Agricultural / forestry buildings & operations or demolition of buildings	S	70.00	50.00
	Installation of a radio mast ,radio equipment, housing or public callbox	S	335.00	265.00
Weekly List of Planning applications	£200 per year or £20 per month	Non - S	200.00	120.00
Copy of decision notice		Non - S	10.00	5.00
Copy Tree Preservation order		Non - S	10.00	5.00
Copy of Appeal Decision Notice		Non - S	10.00	5.00
Copy of Enforcement Notices		Non - S	10.00	5.00
Copy of Section 106		Non - S	15.00	10.00
Photocopying				
A4	20p a sheet	Non - S	0.20	0.10
A3	40p a sheet	Non - S	0.40	0.20
A2	per sheet	Non - S	3.00	1.00
A1	per sheet	Non - S	4.00	1.50
A0	per sheet	Non - S	5.00	2.00
Ordnance Survey Extracts	Set of 6 A4 extracts of 1:500 scale	Non - S	20.00	20.00
	Set of 6 A4 extracts of 1:1250 scale	Non - S	25.00	25.00
	Set of 6 A4 extracts of 1:2500 scale	Non - S	30.00	30.00
Planning Policy Documents	Consultants' Reports	Non - S	POA	-
	Central Area Action Area Plan Issues and Options			
	CAAP Background documents			
	CAAP Preferred Option, Submission Draft and all supporting documents	S and Non- S	POA	-
	West Northamptonshire Joint Planning Unit documentation in connection with the Joint Core Strategy and other DPD's	S and non-S	POA	-
	Proposed introduction of charges for provision of services as from the 1st May 2009 (subject to Cabinet approval)			
	Commercial Pre-application advice	Non - S	POA	-
	Major Development 10 -20 dwellings	Non - S	POA	-
	Major Development 21+ dwellings	Non - S	POA	-
	Major Development Offices/Research and Development/L	Non - S	POA	-
Major Development Heavy Industry/Storage/Warehousing	Non - S	POA	-	
Major Development Retail, Distribution and Servicing	Non - S	POA	-	
All other major development	Non - S	POA	-	
Minor development 1 dwelling	Non - S	POA	-	
Minor development 2-9 dwellings	Non - S	POA	-	

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
	Minor development Offices/Research and Development/Light industry	Non - S	POA	-
	Minor development Heavy Industry/ Storage/Warehousing	Non - S	POA	-
	Minor development Retail and Distribution	Non - S	POA	-
	All other minor development	Non - S	POA	-
	Change of Use	Non - S	POA	-
	Householder Developments	Non - S	POA	-
	Advertisements	Non - S	POA	-
	Listed Building Consent to alter/extend	Non - S	POA	-
	Listed Building Consent to demolish	Non - S	POA	-
	Conservation Area Consents	Non - S	POA	-
	Other (not included in the above)	Non - S	POA	-
	Meetings and/or Site Visits (per 30 Minutes)	Non - S	POA	-
Request for current use of property	All properties	Non - S	POA	-
Other Ancillary Charges	Householder Enquiries	Non - S	POA	-
	Permitted Development Enquiries (other)	Non - S	POA	-
	History and Investigation	Non - S	POA	-
	Conservation Area Consents	Non - S	POA	-
	Other (not included in the above)	Non - S	POA	-
	Meetings and/or Site Visits (per 30 Minutes)	Non - S	POA	-
Request for current use of property	All properties	Non - S	POA	-
Other Ancillary Charges	Householder Enquiries	Non - S	POA	-
	Permitted Development Enquiries (other)	Non - S	POA	-
	History and Investigation	Non - S	POA	-
Building Control				
New Dwellings up to 300 square m				
Number of Dwellings 1 to 31 dwellings as set out and then additional charge per dwelling as set out below	Plan Charge	S	181.13	176.25
	1 Inspection Fee	S	455.23	442.98
	1 Building Notice Charge	S	636.35	619.23
	2 Plan Charge	S	247.54	240.88
	2 Inspection Fee	S	630.32	613.35
	2 Building Notice Charge	S	877.85	854.23
	3 Plan Charge	S	326.03	317.25
	3 Inspection Fee	S	800.57	779.03
	3 Building Notice Charge	S	1,126.60	1096.28
	4 Plan Charge	S	404.51	393.63
	4 Inspection Fee	S	924.95	900.05
	4 Building Notice Charge	S	1,329.46	1,293.68
	5 Plan Charge	S	489.04	475.88
	5 Inspection Fee	S	1,023.96	996.40
	5 Building Notice Charge	S	1,512.00	1472.28
	6 Plan Charge	S	573.56	558.13
	6 Inspection Fee	S	1,150.75	1,119.78
	6 Building Notice Charge	S	1,724.31	1,677.90
	7 Plan Charge	S	597.71	581.63
	7 Inspection Fee	S	1,229.24	1,196.15
	7 Building Notice Charge	S	1,826.95	1,777.78

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
	8 Plan Charge	S	621.86	605.13
	8 Inspection Fee	S	1,433.30	1,394.73
	8 Building Notice Charge	S	2,055.17	1,999.85
	9 Plan Charge	S	646.01	628.63
	9 Inspection Fee	S	1,637.37	1,593.30
	9 Building Notice Charge	S	2,283.38	2,221.93
	10 Plan Charge	S	652.05	634.50
	10 Inspection Fee	S	1,860.76	1,810.68
	10 Building Notice Charge	S	2,512.81	2,445.18
	11 Plan Charge	S	658.09	640.38
	11 Inspection Fee	S	2,038.26	1,983.40
	11 Building Notice Charge	S	2,696.35	2,623.78
	12 Plan Charge	S	664.13	646.25
	12 Inspection Fee	S	2,214.56	2,154.95
	12 Building Notice Charge	S	2,878.68	2,801.20
	13 Plan Charge	S	670.16	652.12
	13 Inspection Fee	S	2,393.27	2,328.85
	13 Building Notice Charge	S	3,063.43	2,980.98
	14 Plan Charge	S	676.20	658.00
	14 Inspection Fee	S	2,539.37	2,471.03
	14 Building Notice Charge	S	3,215.57	3,129.03
	15 Plan Charge	S	682.24	663.88
	15 Inspection Fee	S	2,715.67	2,642.58
	15 Building Notice Charge	S	3,397.91	3,306.45
	16 Plan Charge	S	688.28	669.75
	16 Inspection Fee	S	2,891.96	2,814.13
	16 Building Notice Charge	S	3,580.24	3,483.88
	17 Plan Charge	S	694.31	675.62
	17 Inspection Fee	S	3,068.26	2,985.68
	17 Building Notice Charge	S	3,762.57	3,661.30
	18 Plan Charge	S	700.35	681.50
	18 Inspection Fee	S	3,244.55	3,157.23
	18 Building Notice Charge	S	3,944.90	3,838.73
	19 Plan Charge	S	706.39	687.37
	19 Inspection Fee	S	3,381.00	3,290.00
	19 Building Notice Charge	S	4,087.39	3,977.38
	20 Plan Charge	S	712.43	693.25
	20 Inspection Fee	S	3,554.88	3,459.20
	20 Building Notice Charge	S	4,267.31	4,152.45
	21 Plan Charge	S	724.50	705.00
	21 Inspection Fee	S	3,635.78	3,537.92
	21 Building Notice Charge	S	4,360.28	4,242.92
	22 Plan Charge	S	736.58	716.75
	22 Inspection Fee	S	3,758.95	3,657.77
	22 Building Notice Charge	S	4,495.52	4,374.52
	23 Plan Charge	S	748.65	728.50
	23 Inspection Fee	S	3,882.11	3,777.62
	23 Building Notice Charge	S	4,630.76	4,506.12
	24 Plan Charge	S	760.73	740.25
	24 Inspection Fee	S	4,005.28	3,897.47
	24 Building Notice Charge	S	4,766.00	4,637.72
	25 Plan Charge	S	772.80	752.00
	25 Inspection Fee	S	4,129.65	4,018.50
	25 Building Notice Charge	S	4,902.45	4,770.50
	26 Plan Charge	S	784.88	763.75
	26 Inspection Fee	S	4,252.82	4,138.35
	26 Building Notice Charge	S	5,037.69	4,902.10
	27 Plan Charge	S	796.95	775.50
	27 Inspection Fee	S	4,375.98	4,258.20
	27 Building Notice Charge	S	5,172.93	5,033.70
	28 Plan Charge	S	809.03	787.25
	28 Inspection Fee	S	4,499.15	4,378.05
	28 Building Notice Charge	S	5,308.17	5,165.30

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
	29 Plan Charge	S	821.10	799.00
	29 Inspection Fee	S	4,622.31	4,497.90
	29 Building Notice Charge	S	5,443.41	5,296.90
	30 Plan Charge	S	833.18	810.75
	30 Inspection Fee	S	4,691.14	4,564.87
	30 Building Notice Charge	S	5,524.31	5,375.62
	31 Plan Charge	S	845.25	-
	31 Inspection Fee	S	4,757.55	-
	31 Building Notice Charge	S	5,602.80	-
For each additional dwelling add £5.25 Plan Charge, £78.75 Inspection Charge or £84 Building Notice Charge + VAT				
Detached or attached garage up to 40m square	Plan Charge	S	150.01	130.00
	Inspection Fee	S	Included in Plan Charge	Included in Plan Charge
	Building Notice Charge	S	150.01	130.00
	Regularisation Charge	S	156.53	132.77
Detached or attached garage over 40m square to 60m square	Plan Charge	S	150.01	130.00
	Inspection Fee	S	163.99	133.00
	Building Notice Charge	S	314.00	263.00
	Regularisation Charge	S	327.65	268.60
Domestic extension up to 10m square	Plan Charge	S	150.01	130.00
	Inspection Fee	S	163.99	133.00
	Building Notice Charge	S	314.00	263.00
	Regularisation Charge	S	327.65	268.60
Domestic extension 10m to 40m square	Plan Charge	S	150.01	130.00
	Inspection Fee	S	310.01	255.00
	Building Notice Charge	S	460.00	385.00
	Regularisation Charge	S	480.00	393.19
Domestic extension 40m to 60m square	Plan Charge	S	150.01	130.00
	Inspection Fee	S	464.00	385.00
	Building Notice Charge	S	614.01	515.00
	Regularisation Charge	S	640.70	525.96
Domestic external window & door replacements	Building Notice Charge	S	75.00	-
	Regularisation Charge	S	78.26	-
Any Other Work				
Estimated Cost of Building Works				
£ 0 - 2,000		S	115.00	-
2,001 - 5,000		S	201.25	-
5,001 - 20,000		S	201.25	-

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
For every £1,000 (or part thereof) by which cost exceed £5,000 additional sum of £9				
20,001 - 100,000		S	356.50	-
For every £1,000 (or part thereof) by which cost exceed £20,000 additional sum of £8				
100,001 - 1,000,000		S	1,092.50	-
For every £1,000 (or part thereof) by which cost exceed £100,000 additional sum of £3.50				
1,000,001 - 10,000,000		S	4,772.50	-
For every £1,000 (or part thereof) by which cost exceed £1,000,000 additional sum of £2.75				
Cost exceeds 10,000,000			33,177.50	-
For every £1,000 (or part thereof) by which cost exceed £10,000,000 additional sum of £2				
Electrical Work - not carried out in conjunction with other building work		Non - S	201.25	201.25
Exempt Building Certificate		S	25.00	25.00
Retrieval of Plans to enable copies of Certificates to be issued		Non - S	30.00	30.00
Copies of Certificates	Per Copy	Non - S	10.00	5.00
To view Historic / Stored files		Non - S	200.00	
Letters of Confirmation of works carried out if files not available		Non - S	40.00	35.00
Environmental Health				
Licences				
Animal boarding establishment	Issue of annual licence traditional border	S	130.00	115.00
Animal boarding establishment	Issue of annual licence domestic border	S	115.00	-
Dog breeding	Issue of new licence	S	110.00	105.00
			+ vet fee	+ vet fee
Dog breeding	Licence renewal	S	110.00	105.00
Dangerous wild animal	Licence to keep certain animals	S	250.00	230.00
			+vet fee	+vet fee
Pet shops	Annual licence	S	110.00	105.00
Riding establishment	Annual licence	S	85.00	80.00
			+ vet fee	+ vet fee
Motor salvage operator	3 year registration	S	80.00	75.00
Tattooing, Ear piercing, Acupuncture, Electrolysis	Registration - one off fee	S	115.00	115.00
Fixed Penalties and Fines				
Smoke Free Areas	No notice displayed - Fixed Penalty Notice reduced to £150 if paid in 14 days Maximum fine on conviction £1000	S	200.00	200.00
	Smoke Free Areas - reduced to £30 if paid within 15 days Maximum fine on conviction £200	S	50.00	50.00
	Maximum fine for managers of smoke free areas £2500			
Certificates & Statements				
Health Export Certificate	Within 3 working days of request	Non - S	60.00	55.00
	Urgent rate	Non - S	90.00	80.00
Environmental Searches	Contaminated land etc	Non - S	60.00	55.00
Consultancy	Hourly rate	Non - S	70.00	55.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Statement and Legal Advice (Private Cases)	Up to 5 pages	Non - S	160.00	160.00
	Additional pages	Non - S	25.00	25.00
Public Health / Environmental Protection Charges				
Funerals	LA funerals - claim to banks / treasury	S	350.00	-
Drainage works filthy	Works in default	S	Cost of work + 40.00 or 10% external fee whichever is greater	Cost of work + 35.00 admin
Filthy & verminous premises	Works in default	S	Cost of work + 40.00 an hour	Cost of work + 35.00 hour
Silencing of alarms	Burglar, car etc	S	Cost of work + 40.00 or 10% external fee whichever is greater	Cost of work + 35.00 admin
Domestic noise	Seizure and storage of noise equipment	Non - S	200.00 first 28 days 1.00 / day after	200.00 first 28 days 1.00 / day after
WNDC consultancy	Hourly rate	Non - S	Team leader / manager 70.00	Team leader / manager 55.00
LA Environmental Regulations of Industrial Plant	LAPC / LAPPC / LA-IPPC application for permit / renewal	S	Set by DEFRA	Set by DEFRA
Animal Welfare Service	Attendance at evictions	Non - S	170.00 service subject to withdrawal	150.00
	Micro chipping	Non - S	20.00 at house 15.00 at event both subject to withdrawal	20.00 at house 15.00 at event
	Stray dogs – collection and taking to kennels	S	40.00 service subject to withdrawal	35.00
Fixed Penalties - to be approved at Cabinet				
Dogs	Dog fouling (FPN) (discounted amount £50)	S	80.00	50.00
Dogs	Dog control (FPN) new for CN & E Act (discounted amount £50)	S	80.00	80.00
Litter	Depositing Litter (discounted amount £50)	S	80.00	75.00
Litter	Failure to comply with street litter clearing notice (discounted amount £80)	S	110.00	100.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Litter	Failure to comply with waste receptive notice (discounted amount £60)	S	100.00	100.00
Litter	Unauthorised distribution of litter on designated land (discounted amount £50)	S	80.00	75.00
Litter and Waste	Failure to produce waste transfer note (waster's carriers licence)	S	300.00	-
Graffiti / Fly Posting	Graffiti and Fly Posting (discounted amount £50)	S	80.00	75.00
Noise	Failure to nominate key holder (discounted amount £50)	S	80.00	-
Noise	Noise from premises - dwelling (discounted amount £80)	S	110.00	-
Noise	Noise from premises - licensed premises	S	500.00	-
Parking (cars for sale)	Nuisance premises	S	100.00	-
Photocopying and Printing	First A4 sheet	Non - S	2.50	2.50
	Additional sheets	Non - S	0.25	0.25
	A3	Non - S	3.00	3.00
	Additional sheets	Non - S	0.30	0.30
	Copying Statutory Notices	Non - S	20.00	20.00
Prices for 2009/2010 subject to Tender July 2010				
Environmental Health				
Pest Control - Domestic				
Wasp, Bees	1st Nest - normal rate	Non - S	42.12	42.12
	1st Nest - concessionary	Non - S	21.07	21.07
	Additional Nest at same site - normal rate	Non - S	21.07	21.07
	Additional Nest at same site - concessionary	Non - S	10.53	10.53
Fleas	Initial visit + retreatment - normal rate	Non - S	42.12	42.12
	Initial visit + retreatment - concessionary	Non - S	21.07	21.07
Mice	Initial visit + two more - normal rate	Non - S	42.12	42.12
	Initial visit + two more - concessionary	Non - S	21.07	21.07
Bed - bugs/cockroaches	Initial visit + two more - normal rate	Non - S	42.12	42.12
	Initial visit + two more - concessionary	Non - S	21.07	21.07
Other insects	Initial visit + two more - normal rate	Non - S	42.12	42.12
	Initial visit + two more - concessionary	Non - S	21.07	21.07
Pigeons/Doves/Birds		Non - S	Subject to Survey	Subject to Survey
Mammals		Non - S	Subject to Survey	Subject to Survey
Rats (domestic)		Non - S	Free	Free
Insect identification		Non - S	Free	Free
Visit no treatment (advice given only)	normal rate	Non - S	21.07	21.07
	concessionary	Non - S	21.07	21.07
	Telephone Advice	Non - S	Free	Free
Pest Control - Charitable Organisations				

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Wasp, Bees	1st Nest - discounted rate	Non - S	42.12	42.12
	Additional Nest at same site - discounted rate	Non - S	21.07	21.07
Fleas	Initial visit + retreatment - discounted rate	Non - S	42.12	42.12
Mice	Initial visit + two more - discounted rate	Non - S	42.12	42.12
Bed - bugs/cockroaches	Initial visit + two more - discounted rate	Non - S	42.12	42.12
Other insects	Initial visit + two more - discounted rate	Non - S	42.12	42.12
Pigeons/Doves/Birds		Non - S	Subject to Survey	Subject to Survey
Mammals		Non - S	Subject to Survey	Subject to Survey
Rats (domestic)	discounted rate	Non - S	42.12	42.12
Insect identification		Non - S	Free	Free
Visit no treatment (advice given only)	discounted rate	Non - S	21.07	21.07
	Telephone Advice	Non - S	Free	Free
HMO Licence	Processing application & granting licence to high risk HMO's	S	682.63 per new application	Fee structure
Student Accreditation Immigration	Request for letter confirming property is satisfactory for intended immigrant	Non - S	25.00	10.00
		Non - S	100.00	100.00
Housing Act - Enforcement	Charging for taking enforcement action including works in default	S	Cost of work + 35.00 admin	Cost of work + 35.00 admin
Viewing of Registers	Free office viewing or internet (where applicable) – charge for copy	Non - S	200.00	200.00
Car Parks				
Charges	Up to 1 hour - Premium	Non - S	0.80	0.80
	Up to 1 hour	Non - S	0.60	0.60
	Up to 2 hours - Premium	Non - S	1.60	1.60
	Up to 2 hours	Non - S	1.20	1.20
	Up to 3 hours - Premium	Non - S	2.40	2.40
	Up to 3 hours	Non - S	1.80	1.80
	Up to 4 hours - Premium	Non - S	3.20	3.20
	Up to 4 hours	Non - S	2.40	2.40
	Up to 5 hours - Premium	Non - S	4.00	4.00
	Up to 5 hours	Non - S	3.00	3.00
	All Day - Premium	Non - S	7.00	7.00
	All Day	Non - S	5.00	5.00
	Evening - Premium	Non - S	0.80	0.80
	Evening	Non - S	* Free	* Free
	Overnight - Premium	Non - S	2.50	2.50
	Overnight	Non - S	* Free	* Free
	Sunday	Non - S	0.80	0.80
	Coaches - Premium	Non - S	-	-
	Coaches	Non - S	8.00	8.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT	
Season Tickets	* Selected Car Parks				
	Monthly - 5 day - Premium Car Parks	Non - S	115.00	115.00	
	Monthly - 6 day - Premium Car Parks	Non - S	125.00	125.00	
	Monthly - 7 day - Premium Car Parks	Non - S	135.00	135.00	
	Monthly - 5 day - Standard Car Parks	Non - S	95.00	95.00	
	Monthly - 6 day - Standard Car Parks	Non - S	105.00	105.00	
	Monthly - 7 day - Standard Car Parks	Non - S	115.00	115.00	
	Annual - 5 day - Premium Car Parks	Non - S	1,380.00	1,380.00	
	Annual - 6 day - Premium Car Parks	Non - S	1,500.00	1,500.00	
	Annual - 7 day - Premium Car Parks	Non - S	1,620.00	1,620.00	
	Annual - 5 day - Standard Car Parks	Non - S	1,140.00	1,140.00	
	Annual - 6 day - Standard Car Parks	Non - S	1,260.00	1,260.00	
	Annual - 7 day - Standard Car Parks	Non - S	1,380.00	1,380.00	
	Permits	Town Centre Annual Parking Permits	Non - S	50.00	50.00
	Community Centres				
Public Rate					
Mon - Friday	Main Hall - per hour	Non - S	5.50	4.25	
	Activity Room - per hour	Non - S	3.50	2.75	
	Committee Room (if applicable) - per hour	Non - S	3.50	2.75	
Sat - Sun	Main Hall - per hour	Non - S	9.00	7.00	
	Activity Room - per hour	Non - S	6.50	5.25	
	Committee Room (if applicable) - per hour	Non - S	6.50	5.25	
Commercial Rate					
Mon - Sunday	Main Hall - per hour	Non - S	23.00	18.00	
	Activity Room - per hour	Non - S	12.00	9.00	
	Committee Room (if applicable) - per hour	Non - S	12.00	9.00	
Jumble Sales	Main Hall - per hour	Non - S	9.00	7.00	
	Activity Room - per hour	Non - S	9.00	7.00	
Parties					
Under 13's					
before 7.00pm	Main Hall - per hour	Non - S	9.00	7.00	
	Activity Room - per hour	Non - S	9.00	7.00	
after 7.00pm	Main Hall - per hour	Non - S	23.50	18.00	
	Activity Room - per hour	Non - S	23.50	18.00	
Over 13's	Main Hall - per hour	Non - S	23.50	18.00	
	Activity Room - per hour	Non - S	23.50	18.00	
Private Parties	Main Hall - per hour	Non - S	23.50	18.00	
	Activity Room - per hour	Non - S	11.50	9.00	
* Community Centres exempt from VAT (with option to tax) except for Kingsthorpe Hall & Far Cotton Community Centres which are charged at standard rate.					

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Northampton Leisure Card				
Category	Standard	Non - S	14.00	14.00
	Concession	Non - S	6.50	6.50
	Family Card *	Non - S	34.50	34.50
	Family Concession	Non - S	N/a	19.50
	* up to 5 members no more than two adults			
General Swim				
	Leisure Card			
	Adults	Non - S	2.50	2.40
	Concessions	Non - S	2.00	1.90
	Junior	Non - S	Free	1.70
	Under 5 's	Non - S	Free	0.75
	Family Swim (2 Adults & 2 Children)	Non - S	N/a	6.50
	Non Leisure Card			
	Adults	Non - S	3.70	3.60
	Concessions	Non - S	3.70	3.60
	Junior	Non - S	Free	2.50
	Under 5 's	Non - S	Free	0.75
	Family Swim (2 Adults & 2 Children)	Non - S	N/a	9.70
Special Sessions				
	Leisure Card			
	Aqua Natal	Non - S	3.50	3.25
	50+ Swim	Non - S	2.00	1.90
	50+ Aqua Aerobics	Non - S	3.50	3.00
	Aqua Aerobics	Non - S	4.25	3.75
	Concessions	Non - S	3.50	3.00
	GP Referral	Non - S	1.50	3.00
	General Disabilities Swim	Non - S	2.00	1.80
	Wet n Wild	Non - S	2.00	2.00
	Non Leisure Card			
	Aqua Natal	Non - S	4.00	3.80
	50+ Swim	Non - S	3.70	3.60
	50+ Aqua Aerobics	Non - S	5.50	4.95
	Aqua Aerobics	Non - S	5.50	4.95
	Concessions	Non - S	5.50	4.95
	GP Referral	Non - S	1.50	3.00
	General Disabilities Swim	Non - S	3.70	3.60
	Wet n Wild	Non - S	3.00	3.00
Health Suite				
	Leisure Card			
	Sauna			
	Adults Peak	Non - S	3.80	3.80
	Adults Off Peak	Non - S	2.40	2.40
	Concessions Peak	Non - S	2.80	2.80
	Concessions Off Peak	Non - S	2.40	2.40

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Dry Side Activities	Sunbeds			
	Sunbed (5 mins)	Non - S	3.20	3.20
	Sunbed (10 mins)	Non - S	6.00	6.00
	Sunbed Vouchers (60 mins)	Non - S	32.00	32.00
	Table Tennis - Peak	Non - S	6.50	6.30
	Table Tennis - Off Peak	Non - S	4.60	4.40
	Badminton - Peak	Non - S	7.40	7.20
	Badminton - Off Peak	Non - S	5.90	5.90
	Come & Try It	Non - S	4.50	4.00
	50+ Bowls	Non - S	2.00	1.90
	Squash - Peak	Non - S	6.50	6.30
	Squash - Off Peak	Non - S	4.60	4.40
	Tea Dance	Non - S	2.85	2.85
	Five - a - Side	Non - S	44.40	43.20
	Fitness Classes / Spinning			
	Adults	Non - S	4.25	4.25
	Concessions	Non - S	3.50	3.50
	Non Leisure Card			
	Sauna			
	Adults Peak	Non - S	6.00	5.50
	Adults Off Peak	Non - S	6.00	5.50
	Concessions Peak	Non - S	6.00	5.50
	Concessions Off Peak	Non - S	6.00	5.50
	Sunbeds			
	Sunbed (5 mins)	Non - S	3.50	3.50
	Sunbed (10 mins)	Non - S	6.60	6.60
	Sunbed Vouchers (60 mins)	Non - S	35.00	35.00
	Dry Side Activities			
	Table Tennis - Peak	Non - S	9.50	8.90
	Table Tennis - Off Peak	Non - S	9.50	8.90
Badminton - Peak	Non - S	9.60	9.50	
Badminton - Off Peak	Non - S	9.60	9.50	
Come & Try It	Non - S	5.50	5.00	
50+ Bowls	Non - S	3.80	3.60	
Squash - Peak	Non - S	9.50	8.90	
Squash - Off Peak	Non - S	6.50	8.90	
Tea Dance	Non - S	4.20	4.00	
Five - a - Side	Non - S	40.50	39.00	

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
	Fitness Classes / Spinning			
	Adults	Non - S	5.80	5.50
	Concessions	Non - S	5.80	5.50
LINGS FORUM				
Other Areas	Bar & Disco times 1900 - 2400	Non - S	175.00	170.00
	Bar & Disco - Wedding Reception All Day	Non - S	340.00	330.00
Parties	Disco - Leisure Card	Non - S	80.00	80.00
	Disco - Non Leisure Card	Non - S	95.00	95.00
	Bouncy Castle Party - Leisure Card	Non - S	80.00	80.00
	Bouncy Castle Party - Non Leisure Card	Non - S	95.00	95.00
	Sports Party - Leisure Card	Non - S	80.00	80.00
	Sports Party - Non Leisure Card	Non - S	95.00	95.00
	Pool Party - Leisure Card	Non - S	80.00	80.00
	Pool Party - Non Leisure Card	Non - S	95.00	95.00
MOUNTS BATHS				
General Swim	Leisure Card			
	Adults Peak	Non - S	2.50	2.40
	Adults Off Peak	Non - S	2.00	1.90
	Concessions Peak	Non - S	2.00	1.90
	Concessions Off Peak	Non - S	2.00	1.90
	Junior Peak	Non - S	Free	1.70
	Junior Off Peak	Non - S	Free	1.70
	Under 5 's	Non - S	Free	0.75
	Family Swim (2 Adults & 2 Children)	Non - S	N/a	6.50
	Non Leisure Card			
	Adults Peak	Non - S	3.70	3.60
	Adults Off Peak	Non - S	3.70	3.60
	Concessions Peak	Non - S	3.70	3.60
	Concessions Off Peak	Non - S	3.70	3.60
	Junior Peak	Non - S	Free	2.60
	Junior Off Peak	Non - S	Free	2.40
	Under 5 's	Non - S	Free	0.75
	Family Swim (2 Adults & 2 Children)	Non - S	N/a	9.80

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
MOUNTS BATHS Special Sessions	Leisure Card			
	Early Bird Adults Only	Non - S	2.50	2.40
	Concessions	Non - S	2.00	1.90
	Parents & Tots Session	Non - S	2.30	2.30
	Aqua Natal	Non - S	3.50	3.25
	50+ Swim	Non - S	2.00	1.90
	50+ Aqua Aerobics	Non - S	3.50	3.00
	Aqua Aerobics	Non - S	4.25	3.75
	Concessions	Non - S	3.50	3.00
	Aquacise	Non - S	3.00	1.80
	GP Referral	Non - S	1.50	3.00
	Wet n Wild	Non - S	2.00	2.00
	Non Leisure Card			
	Early Bird Adults Only	Non - S	3.70	3.60
	Concessions	Non - S	3.70	3.60
	Parents & Tots Session	Non - S	3.70	3.30
	Aqua Natal	Non - S	4.00	3.80
	50+ Swim	Non - S	3.70	3.60
	50+ Aqua Aerobics	Non - S	5.50	5.50
	Aqua Aerobics	Non - S	5.50	5.50
	Concessions	Non - S	5.50	5.50
	Aquacise	Non - S	4.00	2.65
	GP Referral	Non - S	1.50	3.00
	Wet n Wild	Non - S	3.00	3.00
MOUNTS BATHS Health Suite	Leisure Card			
	Adults Peak	Non - S	4.90	4.80
	Adults Off Peak	Non - S	4.20	4.20
	Concessions Peak	Non - S	3.60	3.50
	Concessions Off Peak	Non - S	3.60	3.50
	50+ Health Suite	Non - S	3.00	3.00
Sunbeds	Sunbed (5 mins)	Non - S	3.20	3.20
	Sunbed (10 mins)	Non - S	6.00	6.00
	Sunbed Vouchers (60 mins)	Non - S	32.00	29.00
Pool Parties	Main Pool	Non - S	150.00	120.00
	Teaching Pool			
	Up to 40 Children	Non - S	80.00	80.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Fitness Classes / Spinning	Adults	Non - S	4.25	4.25
	Concessions	Non - S	3.50	3.50
Health Suite	Non Leisure Card			
	Adults Peak	Non - S	6.50	6.50
	Adults Off Peak	Non - S	6.50	6.50
	Concessions Peak	Non - S	6.50	6.50
	Concessions Off Peak	Non - S	6.50	6.50
	50+ Health Suite	Non - S	5.50	4.95
Sunbeds	Sunbed (5 mins)	Non - S	3.50	3.50
	Sunbed (10 mins)	Non - S	6.60	6.60
	Sunbed Vouchers (60 mins)	Non - S	35.00	35.00
MOUNTS BATHS Pool Parties	Main Pool	Non - S	150.00	120.00
	Teaching Pool Up to 40 Children	Non - S	95.00	95.00
Fitness Classes / Spinning	Adults	Non - S	5.50	5.50
	Concessions	Non - S	5.50	5.50
Canoe Club	Main Pool	Non - S	78.00	41.00
	Teaching Pool	Non - S	43.00	41.00
Age Concern		Non - S	79.50	75.40
Rooms	Robert Street - Meetings	Non - S	15.50	15.00
	Robert Street - All Day	Non - S	60.00	60.00
	Robert Street - Half Day	Non - S	30.00	30.00
Lings Forum Cinema	Adults	Non - S	5.70	5.50
	Concessions (child,unemployed,student,OAP's & disabled)	Non - S	4.50	4.30
Kids Screen	Adults	Non - S	3.75	3.65
	Child	Non - S	3.50	3.30
Silver Screen		Non - S	3.75	3.50
Northampton Trilogy Membership				
Activation Fee	One off payment includes induction fee	Non - S	25.00	25.00
	Concession Induction	Non - S	15.00	15.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Supergold Membership	Single - per month	Non - S	33.00	33.00
	Couple per person per month	Non - S	25.50	25.50
	Student per month	Non - S	19.50	19.50
	60+ per month (payable by direct debit)	Non - S	19.50	19.50
Gold Membership				
Activation Fee	One off payment includes induction fee	Non - S	25.00	25.00
	Single - per month	Non - S	26.00	26.00
Casual Gym Use	Peak	Non - S	4.90	4.80
	Off Peak	Non - S	3.90	3.80
	Concessions Peak	Non - S	4.00	4.00
	Concessions Off Peak	Non - S	3.00	3.00
Danes Camp				
Main Hall	Whole Hall	Non - S	40.50	39.00
	5 a Side	Non - S	40.50	39.00
	Half Main Hall	Non - S	20.25	15.00
	Per Court	Non - S	9.60	8.90
	Commercial Event	Non - S	125.00	114.00
	50+ Badminton	Non - S	3.00	2.60
	50+ Healthy Hearts	Non - S	3.00	3.00
	Climbing Wall - Adult	Non - S	3.25	3.25
	Rooms			
Rooms	Room 1	Non - S	20.20	19.60
	Room 2	Non - S	22.70	22.00
	Room 1 & 2 together	Non - S	43.00	42.00
	Creche	Non - S	13.50	12.50
	Reception Area	Non - S	7.50	7.00
	Creche per child	Non - S	TBC	1.50
Swimming Pool	1hr up to 50 people	Non - S	135.00	125.00
	1hr up to 100 people	Non - S	180.00	170.00
	2hr up to 100 people	Non - S	290.00	250.00

Activity / Item	Basis	S / Non - S	2009/2010 Value Incl VAT	2008/2009 Value Incl VAT
Parties	Disco - Leisure Card	Non - S	80.00	80.00
	Disco - Non Leisure Card	Non - S	95.00	-
	Bouncy Castle - Leisure Card	Non - S	80.00	80.00
	Bouncy Castle - Non Leisure Card	Non - S	95.00	-
	Sports - Leisure Card	Non - S	80.00	80.00
	Sports - Non Leisure Card	Non - S	95.00	95.00
	Pool (General public session) - Leisure Card	Non - S	80.00	80.00
	Pool (General public session) - Non Leisure Card	Non - S	95.00	95.00
Swimming Lessons	12 week set of lessons -Adult	Non - S	57.00	56.40
	Adult Lesson per week	Non - S	4.75	4.70
	12 week set of lessons -Junior	Non - S	54.00	48.00
	Junior Lesson per week	Non - S	4.50	4.00
Guildhall Rents	Registrar Rent	Non - S	39,470.00	39,470.00
	Volunteer Centre Rent	Non - S	9,375.00	-

Notes

Non S - Non Statutory
S - Statutory function

As per the Chancellors
announcement in December 2008
the VAT rate is to revert back to
17.5% from 31.12.09

The reports relating to Building
Control fees and Planning Policy
decisions are going before
Cabinet on the 19th and 25th
February respectively

2009/10 - 2011/12 General Fund Revenue Budget Build - Equalities Impacts**Level 1 MTP Income, Saving and Investment Options**

Directorate	Reference	Type	Description	Summary of Potential Equalities Impacts
Level 1 MTP Savings Options				
Assistant Chief Executive	MTPS75	L1 Saving	Remove inflation of 3.3% on Grants to Voluntary Organisations	Will not directly affect currently funded organisations. Reduces flexibility to fund others in future - which could include organisations working with particular diversity-related groups.
Assistant Chief Executive	MTPS18	L1 Saving	Removal of unallocated grant budget	See above re MTPS75
Director of Finance and Support	MTPS9	L1 Saving	Change of method for cash payments, reducing costs and widening the facilities for making payments in local communities e.g. post office, shops.	The proposed changes should have a positive impact on users of the service as the range of payment outlets is being increased. The main issue is in the communication of this message to all the customers of Northampton Borough Council. This is particularly true of the elderly, disabled and ethnic groups struggling with language barriers if these groups are not properly communicated to throughout this project and change. This is why working with the forums will be so crucial to ensure the impact will be reduced. Customer Payment Changes will equally affect everyone.
Total Level 1 MTP Savings Options				

Note

Where level 1 savings option is not listed, the Service has advised that no adverse equalities impact has been identified.

2009/10 - 2011/12 General Fund Revenue Budget Build - Equalities Impacts**Level 2 MTP Options**

Directorate	Reference	Type	Description	Summary of Potential Equalities Impacts
Level 2 MTP Savings Options				
Assistant Chief Executive	MTPS78	L2 Saving	Community Centre efficiencies - Review management arrangements to balance income and expenditure	Community centres provide facilities for a wide variety of groups, including those that support the needs of disadvantaged parts of society. As relatively cheap venues, they may be particularly attractive to groups representing some of our more relatively deprived citizens and those without access to other funding. These proposals do not directly propose closing or restricting the availability of community centres to the public – they are aimed at a more economic and equitable approach to managing and financing them. However it is possible that some centres may cease to be viable or may have to reduce opening as a result of the review. As any such concrete proposals emerge, the impact will need to be assessed in detail.
Assistant Chief Executive	MTPS727	L2 Saving	Restructuring of Borough Solicitors	When considering the restructure of this service, an initial screening was undertaken to establish if it was possible that the proposed change(s) would have a differential impact on different equality/community groups. This review also aimed to determine whether the differential impact was adverse. Particular focus was given to the following areas (i) where customers/public are impacted by the changes - Is any sector of the community likely to be disproportionately and adversely affected and what are the associated risks? Where adverse impacts were identified, consultation has been considered and carried out/will be carried out where necessary and actions put in place to mitigate the impact as/where appropriate (ii). What internal impacts are there? The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced. The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	MTPS729/201	L2 Saving	Closure of Abington Museum in winter months, November to March	Reduction in opening hours affects all visitors equally. There is no differential impact identified
Director of Environment and Culture	MTPS205	L2 Saving	Closure of Northampton Museum 1 or 2 days per week (Mon only or Mon and Tues).	Reduction in opening hours affects all visitors equally. There is no differential impact identified
Director of Environment and Culture	MTPS31/31b	L2 Saving	Reprovision of toilet facilities utilising the Richmond scheme of using local businesses in the town.	If this option is chosen then the Council would wish to introduce a Community Toilet Scheme. This scheme allows the public continued access to good quality public toilets provided in partnership with local businesses & other organisations. The Community Toilet Scheme would mitigate inequality issues. For example the scheme would be managed by the Council to ensure provision is provided across a good geographical spread, access for disabled people, baby changing etc.

Directorate	Reference	Type	Description	Summary of Potential Equalities Impacts
Director of Environment and Culture	MTPS208	L2 Saving	Restructure public protection service to support the introduction of a geographic focus to service delivery at a neighbourhood level, in conjunction with Neighbourhood Environmental Services	When considering the restructure of this service, an initial screening was undertaken to establish if it was possible that the proposed change(s) would have a differential impact on different equality/community groups. This review also aimed to determine whether the differential impact was adverse. Particular focus was given to the following areas (i) where customers/public are impacted by the changes - Is any sector of the community likely to be disproportionately and adversely affected and what are the associated risks? Where adverse impacts were identified, consultation has been considered and carried out/will be carried out where necessary and actions put in place to mitigate the impact as/where appropriate (ii). What internal impacts are there? The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced. The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	MTPS56	L2 Saving	Reduce service to statutory 'Stray' collection only. All other Animal Welfare Officers Functions will stop	When considering the restructure of this service, an initial screening was undertaken to establish if it was possible that the proposed change(s) would have a differential impact on different equality/community groups. This review also aimed to determine whether the differential impact was adverse. Particular focus was given to the following areas (i) where customers/public are impacted by the changes - Is any sector of the community likely to be disproportionately and adversely affected and what are the associated risks? Where adverse impacts were identified, consultation has been considered and carried out/will be carried out where necessary and actions put in place to mitigate the impact as/where appropriate (ii). What internal impacts are there? The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced. The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Environment and Culture	MTPS717	L2 Saving	Reduce management costs in Street Care Service	An impact assessment at this stage will be premature as the deletion of this post will form part of the discussion on the review of the new approach to neighbourhood working.
Director of Environment and Culture	MTPS110A	L2 Saving	Introduce full Pest Control charges except for Rat treatment. Subsidised fees for those in receipt of benefits will stop for treatment of mice and insects	The proposal could affect those people who cannot afford to pay the full price.
Director of Environment and Culture	MTPS110B	L2 Saving	Cease pest control provision by direct contract when current contract ends in 2009/10 - additional savings to above	The proposal could affect those people who cannot afford to pay the full price.

Directorate	Reference	Type	Description	Summary of Potential Equalities Impacts
Director of Finance and Support	MTPS48/107/702	L2 Saving	Asset Management restructure	When considering the restructure of this service, an initial screening was undertaken to establish if it was possible that the proposed change(s) would have a differential impact on different equality/community groups. This review also aimed to determine whether the differential impact was adverse. Particular focus was given to the following areas (i) where customers/public are impacted by the changes - Is any sector of the community likely to be disproportionately and adversely affected and what are the associated risks? Where adverse impacts were identified, consultation has been considered and carried out/will be carried out where necessary and actions put in place to mitigate the impact as/where appropriate (ii). What internal impacts are there? The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced. The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Finance and Support	MTPS27/50/ 51	L2 Saving	Closure of Weston Favell Housing Office	The service would be moved to a nearby building which is fully accessible. A mobile Customer Information and advice surgery would be provided within Weston Favell Library. Communication to existing customers at Weston Favell Housing Office would need to be made clear in advance to enable them to choose their method of service access if this change takes place.
Director of Finance and Support	MTPS14/15	L2 Saving	Voice recognition technology answering all incoming calls to the switchboard leading to the saving of 2.8 FTE posts.	Possible impact on the elderly who are used to speaking direct to an advisor, possibly those with speech impairments, language barriers, although the system will always transfer to a "human voice" if it is unable to recognise the customers speech
Director of Finance and Support	MTPS54	L2 Saving	Reduction in head count in Face to Face Operations. 1 fte - Closure of Kingsthorpe Office due to the reduced footfall and demand.	Restriction of service access could mean a decrease in take up which could leave some customers in a vulnerable position. Where customers are not able to proactively seek advice on their issues (e.g. paying rent or council tax), they may fall into difficulties in which case the Council could take enforcement action against them. There are several alternative means of access to Council services available, i.e. website, telephone, as well as the One Stop Shop. Many of our services provide an outreach visiting facility which could be mobilised for the vulnerable and those with more severe mobility issues (e.g. Housing Officers, Revs and Bens visiting officers, neighbourhood wardens). A strong communication and support strategy would be needed if this option is taken forward to ensure that we are able to help our customers find an alternative means of accessing the Council's services.

Directorate	Reference	Type	Description	Summary of Potential Equalities Impacts
Director of Finance and Support	MTPS111	L2 Saving	Restructure of the Finance Section.	When considering the restructure of this service, an initial screening was undertaken to establish if it was possible that the proposed change(s) would have a differential impact on different equality/community groups. This review also aimed to determine whether the differential impact was adverse. Particular focus was given to the following areas (i) where customers/public are impacted by the changes - Is any sector of the community likely to be disproportionately and adversely affected and what are the associated risks? Where adverse impacts were identified, consultation has been considered and carried out/will be carried out where necessary and actions put in place to mitigate the impact as/where appropriate (ii). What internal impacts are there? The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Finance and Support	MTPS701	L2 Saving	ICT Restructure	When considering the restructure of this service, an initial screening was undertaken to establish if it was possible that the proposed change(s) would have a differential impact on different equality/communitygroups. This review also aimed to determine whether the differential impact was adverse. Particular focus was given to the following areas (i) where customers/public are impacted by the changes - Is any sector of the community likely to be disproportionately and adversely affected and what are the associated risks? Where adverse impacts were identified, consultation has been considered and carried out/will be carried out where necessary and actions put in place to mitigate the impact as/where appropriate (ii). What internal impacts are there? The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Director of Finance and Support	MTPS703	L2 Saving	Procurement Restructure	When considering the restructure of this service, an initial screening was undertaken to establish if it was possible that the proposed change(s) would have a differential impact on different equality/community groups. This review also aimed to determine whether the differential impact was adverse. Particular focus was given to the following areas (i) where customers/public are impacted by the changes - Is any sector of the community likely to be disproportionately and adversely affected and what are the associated risks? Where adverse impacts were identified, consultation has been considered and carried out/will be carried out where necessary and actions put in place to mitigate the impact as/where appropriate (ii). What internal impacts are there? The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.

Directorate	Reference	Type	Description	Summary of Potential Equalities Impacts
Director of Finance and Support	MTPS704/49	L2 Saving	Reduction in council wide training budget, exploring external funding mechanisms	Reduction in Management training will impact on the provision of strong leadership which enables the principles of equality to be integrated across the council. Lack of training opportunities have the potential to reduce the equal opportunities for employees to have access to training & development. All service managers will be asked/required to include a "EIA" when submitting requests for 2009/10 training budgets in order for Training Panel to assess impact prior to approval or rejection.
Director of Housing	MTPS81	L2 Saving	Additional 5% increase in installation, rental of lifelines and HRA contribution to monitoring charges less capital costs over 2 years.	An increase in charges could affect the users or potential users of the service. No adverse impact can be identified as the service is provided to all regardless of the equality group. If customers are unable to pay the increase in charges, they may cancel the service, leaving them more vulnerable. The 5% increase would have more of an adverse effect on all the above groups, with more customers likely not to be able to afford the service. Also, a 5% increase could potentially jeopardise the Telecare Partnership with Northamptonshire County Council. No adverse impact can be justified as the service is provided to all regardless of the equality group. However, the 5% proposed increase would have more of an impact than the 2.5% proposed increase in MTPS80 and is less likely to be accepted by customers
Total of Level 2 MTP Savings Options				

Note

Where level 2 savings option is not listed, the Service has advised that no adverse equalities impact has been identified.

2009/10 - 2011/12 General Fund Revenue Budget Build - Equalities Impacts**Level 1 MTP Income, Saving and Investment Options**

Directorate	Reference	Type	Description	Summary of Potential Equalities Impacts
Level 1 Income Options				
Director of Environment and Culture	O11	L1 Income	Increased income based business growth, Corporate DD's, On-line DDs and Swimming DDs.	Possible disproportionate effect on lower income customers a group which is associated with other forms of disadvantage and may correlate with some of the recognised equality groups.
Director of Environment and Culture	O16	L1 Income	Increase sport facilities fees within parks and open spaces	The proposal for an increase in charges for sports facilities will increase the council's income. Currently there are no concessionary charges in place for older people, however for Bowls there is an 'OAP' rate and a lesser rate for use of pitches by juniors/school parties. The proposed increase although relatively small apply across the range of facilities. Those groups of people with reduced incomes such as those claiming benefits, pensions or disabled people could be impacted by the increased fees, resulting in potentially reduced access to services.
Director of Environment and Culture	O12	L1 Income	Introduce flat rate charge for Drain Clearing Service Option. The free drain clearing service will either stop or be provided for a charge.	The ending of initial drain clearing as a free to public service would not adversely affect any of the equality groups. It would affect all those equally who own a drain within the Borough area and require this service. It would effect those on low income or benefits in all groups across the town.
Director of Environment and Culture	MTPS722	L2 Saving	Increased income from swimming lessons (£4.50/lesson)	Price increases could result in reduced use of leisure facilities by members of the community causing adverse impact on their health, wellbeing and in the case of swimming lessons education. This in turn will result in a reduction in leisure services income.
Total Level 1 Income Options				

Note

Where an income option is not listed, the Service has advised that no adverse equalities impact has been identified.

2009/10 - 2011/12 General Fund Revenue Budget Build - Equalities Impacts**Level 1 MTP Income, Saving and Investment Options**

Directorate	Reference	Type	Description	Summary of Potential Equalities Impacts
Level 1 MTP Investment Options				
Director of Finance and Support	MTPI40	L1 Investment	Restructure of Human Resources	When considering the restructure of this service, an initial screening was undertaken to establish if it was possible that the proposed change(s) would have a differential impact on different equality/community groups. This review also aimed to determine whether the differential impact was adverse. Particular focus was given to the following areas (i) where customers/public are impacted by the changes - Is any sector of the community likely to be disproportionately and adversely affected and what are the associated risks? Where adverse impacts were identified, consultation has been considered and carried out/will be carried out where necessary and actions put in place to mitigate the impact as/where appropriate (ii). What internal impacts are there? The employees affected by the restructure need to be monitored before and after the changes to check that no unintended adverse discrimination was introduced . The review/monitoring needs to take into account relevant equality strands e.g. age, gender etc.
Total Level 1 MTP Investment Options				

Note

Where an investment option is not listed, the Service has advised that no adverse equalities impact has been identified.



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

26th February 2009

Agenda Status: Public

Directorate: Finance and Support

Report Title	COUNCIL WIDE GENERAL FUND REVENUE BUDGET 2009/10 – 2011/12
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1. Summary

1.1 The purpose of this report is:

1.1.1 To report the changes that have taken place in the budget papers as a result of and since the Cabinet meeting on 19th February 2009 in accordance with the recommendation of that meeting.

2. Recommendations

2.1 That the amendments to the budget be noted.

2.2 That the updated annex 5 to the budget report be noted.

3. Report Background

3.1 It has been necessary for the Director of Finance and Support to make a small number of changes to the annexes to the report pursuant to recommendation 2.9 of the Cabinet report (agreed 19th February 2009) and as a result of further guidance from the Leader of the Council. These changes are summarised on the attached schedule (Appendix 1). The changes have a nil effect overall on the proposed budget. These involve the following changes:

- removal of the Events Officer saving (£31,000)
- removal of the Horticultural Officer saving (£40,000)
- base funding for the Sunflower Centre (£20,000)

amounting to a total increase in costs of £91,000.

Following further review by management, this additional cost will be offset by income of £91,000 from the following areas:

- Fee increases already included in Annex 11 of Item 8 of this Council agenda
- Increases in Licensing Fees under the Gambling Act 2005: £4,400
- Increases in charges for support to non-Council events: £20,000

3.2 For completeness the updated Annex 5, the overall budget summary has also been attached to this report (Appendix 2).

4. Implications (including financial implications)

4.1 Resources and Risk

4.1.1 See main Council report (Item 8)

4.2 Legal

4.2.1 See main Council report (Item 8).

4.3 Other Implications

4.3.1 See main Council report (Item 8).

5. Background Papers

See main Council report (Item 8).

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Changes from Budget 2009-10 Papers considered by Cabinet 19 February 2009

Changes Relating to Annexes 4, 5, 6, 7a, 7b, 7c, and 7d	
	2009/10
	£
Initial Budget Requirement 19 February 2009	41,533
Parish Precepts	(904)
MTP Options	(7,137)
Non Ring Fenced Grant	(1,197)
Sub Total	32,295
Council Tax Income	(13,452)
Formula Grant	(18,843)
Budget Gap at 19 February 2009	0
Amendments post 19 February	
Removal of Events Officer Saving	31
Removal of Horticultural Officer Saving	40
Sunflower Centre	20
Additional Income from Management Board Review of Income	(91)
Net Effect of Adjustments since 19 February 2009	0
Revised Budget Gap	0

Changes Relating to Annex 9

Correction of Forecast Outturn Figure for HRA at the end of December 2008 £45k

Changes Relating to Annex 10**Sunflower Centre**

The Sunflower Centre investment supports the corporate priority of partnerships and community engagement.

Changes Relating to Annex 11

Allotments - Amendment of Discount to 30%
Community Centres

2009/10 - 2011/12 General Fund Revenue Budget Build

	2009/2010 £000	2010/2011 £000	2011/2012 £000
<u>Service Continuation Budget</u>			
Director of Finance and Support	18,398	19,721	20,857
Director of Planning and Regeneration	3,208	3,598	3,725
Director of Environment and Culture	15,913	17,281	18,659
Director of Housing (General Fund Only)	1,889	1,966	2,078
Assistant Chief Executive	5,419	5,374	5,528
Borough Solicitor	1,295	1,399	1,647
	46,122	49,339	52,494
Debt Financing	1,125	1,462	1,179
Recharges from the General Fund to HRA and Capital	(5,853)	(5,853)	(5,853)
Parish Grants	(21)	(22)	(22)
Parish Precepts	904	931	959
Contribution to/(use of) Reserves	100	150	0
Transfer to/(from) Earmarked Reserves	(844)	(462)	(243)
	(4,589)	(3,794)	(3,980)
Revenue Budget Requirement	41,533	45,545	48,514
<u>Funding</u>			
Revenue Support Grant	(3,533)	(2,721)	(2,735)
Non-Domestic Rate	(15,309)	(16,215)	(16,296)
Total Government Grant	(18,842)	(18,936)	(19,031)
<u>Council Tax</u>			
Council Tax: Previous Years	(12,887)	(13,538)	(14,136)
Council Tax: Taxbase	(142)	(67)	(71)
Council Tax: 3.9% increase	(508)	(531)	(554)
Collection Fund Surplus/Deficit	86	0	0
Parish Related Council Tax	(904)	(931)	(959)
Total Council Tax	(14,355)	(15,067)	(15,720)
<u>Other Government Grant</u>			
Area Based Grant	(504)	(279)	(279)
Government Funding for Concessionary Fares	(693)	(713)	(716)
Total Other Grants	(1,197)	(992)	(995)
Total Funding	(34,394)	(34,995)	(35,746)
Funding Gap Prior to MTP Options	7,139	10,550	12,768
<u>Level 1 MTP Options</u>			
Level 1 Income Options	(1,254)	(1,299)	(1,206)
Level 1 Savings Options	(1,437)	(1,537)	(1,276)
Level 1 Investment Options	396	391	408
	(2,295)	(2,445)	(2,074)
<u>Level 2 MTP Options</u>			
Level 2 Savings Options	(4,844)	(5,004)	(5,465)
	(4,844)	(5,004)	(5,465)
Total MTP Options	(7,139)	(7,449)	(7,539)
Funding Gap	0	3,102	5,229

Notes

1. Removal of 50% discount for long term empty properties subject to Cabinet decision on 22/12/08 in respect of the Council Tax base report. This will have an impact on the HRA.



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

26 February 2009

Agenda Status: Public

Directorate: Finance and Support

Report Title	Council Tax Setting 2009/10
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1. Summary

- 1.1 The final precept determinations from the major precepting authorities (Northamptonshire County Council and Northamptonshire Police Authority), parish councils, and the budget setting decision of Northampton Borough Council earlier on this agenda lead directly to the council tax determinations set out in **Annex A** and **Annex B**.

2. Recommendations

- 2.1 That Council approve the Council Tax resolution shown at **Annex A** and **Annex B**.

3. Report Background

- 3.1 The revenue budget (approved earlier on this agenda) and the consequential Council Tax (approved as part of the revenue budget for Northampton Borough Council but formally approved as an overall Council Tax Resolution at this agenda item) provide the resources to allow the delivery of the approved level of Council services.
- 3.2 If the recommendation above is approved the average Council Tax increase for Northampton Borough Council's services will be as set out at Annex B (schedules A and B). After taking account of the Parishes, the Police Authority, and the County Council, the average increase in tax levels will vary depending on the relevant parish precept charge. The details behind these increases are set out at Annex B (schedules C and D). Table 1 below details the average Band D council tax figure for 2009/10.

Table 1: Average Band D council tax

	2008/09	2009/10	Increase		% increase
			£ per annum	£ per week	
Northampton BC	£196.92	£204.60	£7.68	£0.15	3.9
Parish Precepts	£12.71	£13.66	£0.95	£0.02	7.5
Northamptonshire Police Authority	£178.62	£186.66	£8.04	£0.15	4.5
Northamptonshire County Council	£956.05	£993.34	£37.29	£0.72	3.9
Total	£1,344.30	£1,398.26	£53.96	£1.04	4.0

- 3.3 In order to set the Council Tax legally, the Council must agree a complex set of resolutions shown at Annex A. These resolutions build up from the Council's budget requirement including Parish precepts, through deducting formula grant and collection fund surpluses (or adding a deficit) to arrive at a basic Council Tax including and excluding Parish precepts. To that is added the precepts for the Police and County Council to arrive at a total Council Tax by Parish and by Council Tax Band.

4. Implications (including financial implications)

4.1 Resources and Risk

See Cabinet report on the revenue budget earlier on the agenda.

4.2 Legal

See Cabinet report on the revenue budget earlier on the agenda.

4.3 Other Implications

See Cabinet report on the revenue budget earlier on the agenda.

5. Background Papers

See Cabinet report on the revenue budget earlier on the agenda; and
Formal precept demands of precepting authorities.

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Council Tax Resolution 2009/10

Northampton Borough Council (hereinafter referred to as “the Council” in this resolution) calculated the following amounts for the year 2009/10 in accordance with various regulations and RESOLVES for the financial year 2009/10 to:

- 1 Set the General Fund Budget Requirement for the Council at £33,197,629 calculated as follows:

	£
a) Net Expenditure on Council Services	32,293,527
b) Parish Council Precepts	904,102
c) Total General Fund Budget Requirement	<u><u>33,197,629</u></u>

- 2 Note that, arising from the decision of the Council at this meeting and decisions taken by Parish Councils, the amount of Special Items included in the Budget Requirement set out at (1) above is £1,910,589 calculated as follows:

	£
a) Council Special Expenses	1,006,487
b) Parish Council Expenses	904,102
c) Total Special Items	<u><u>1,910,589</u></u>

- 3 Note that (in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992 – “the Act”) the Council has calculated the following amounts:

- a) 66,166
being the Council Tax Base (in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992) and the Local Authorities (calculation of tax base) (Amendment) Regulations 2003 and (No2) Regulations 2003) for the year.
- b) The sums shown in Annex B Schedule A column (2): being the amounts of Council Tax Base for dwellings in those parts of the area set out in column (1) of the schedule to which one or more special items relate.

4	Set the following amounts in accordance with sections 32 to 36 of the Local Government Finance Act 1992	
a)	Gross Expenditure	127,377,884 Gross expenditure including Parish precepts in accordance with s32(2) (a)-(e) of the Act.
b)	Gross Income	94,180,255 Gross income including the use of reserves in accordance with s32(3) (a)-(c) of the Act.
c)	Budget Requirement	<u>33,197,629</u> The budget requirement in accordance with s32(4) of the Act being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council in accordance with Section 32(4) of the Act
d) i)	Redistributed Non Domestic Rates	-15,308,723 From the finance settlement.
ii)	Revenue Support Grant	-3,533,451 From the finance settlement.
iii)	Transfer from Collection Fund	86,252 Collection Fund deficit in accordance with s97 of the local Government Finance Act 1988 and regulations made under s98 of the 1988 Act.
iv)	Total of d) (i) to (iii) inclusive	<u>-18,755,922</u> Formula grant, special grants and Collection Fund deficit.
e)	Amount to be raised from Council Taxes	14,441,707 Item (c) + (d)(iv).

f)	Basic Amount of Council Tax	218.26	Item (e) divided by tax base (resolution 3(a)) - this represents the weighted average Council Tax at Band D including Parish precepts but excluding County Council and Police Authority in accordance with s33(1) of the Act.
g)	Total of Special Items	1,910,589	This represents the total of Parish precepts and other special items in accordance with s34(1) of the Act (as shown at 2 above).
h)	Basic Amount of Council Tax for dwellings in parts of the area to which no special items relate	189.39	Item (e) - (g) divided by tax base (resolution 2(a)) in accordance with s34(2) of the Act.
i)	Basic Amount of Council Tax for dwellings in parts of the area to which one or more special items relate	Sums in column (5) of Annex B Schedule A	Item (h) plus column 3 of Schedule A in Annex B (excludes Police Authority) - this represents the Band D Council Tax by Parish including Parish precepts but excluding Fire and Police in accordance with s34(3) of the Act.
j)	Basic Amount of Council Tax as in (h) for each Council Tax Band	Sums shown in Schedule B Annex B	This represents the Council Tax by Parish and by each valuation band including Parish precepts but excluding Fire and Police in accordance with s36(1) and s5(1) of the Act.

5 Note that Northamptonshire County Council and Northamptonshire Police Authority, in accordance with section 40 of the Local Government Act 1992, have stated the amounts of precepts shown in Schedule C of Annex B for each category of dwelling.

- 6 Set, as a result of items 4 and 5 above, the amounts of Council Tax shown in Schedule D in Annex B, in accordance with Section 30(2) of the Local Government Act 1992, for each of the categories of dwelling shown in the Schedule.

Schedules

Schedule A

	(1) Council Tax Base	(2) Special Expenses	(3) Special Expenses Charge	(4) Basic Amount of Council Tax excluding Special Expenses	(5) Basic Amount of Council Tax including Special Expenses
		£	£	£	£
Area:					
Billing	2,567	175,048	68.19	189.39	257.58
Collingtree	514	8,160	15.88	189.39	205.27
Duston	5,172	346,332	66.96	189.39	256.35
Great Houghton	286	21,063	73.65	189.39	263.04
Hardingstone	743	77,156	103.84	189.39	293.23
Upton	1,302	5,250	4.03	189.39	193.42
Wootton	6,331	378,956	59.86	189.39	249.25
Unparished Area	49,251	898,624	18.25	189.39	207.64
	<u>66,166</u>	<u>1,910,589</u>			

Schedule B**Basic Amount of Council Tax for each Council Tax band**

Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Area:								
Billing	171.72	200.34	228.96	257.58	314.82	372.06	429.30	515.16
Collingtree	136.85	159.65	182.46	205.27	250.89	296.50	342.12	410.54
Duston	170.90	199.38	227.87	256.35	313.32	370.28	427.25	512.70
Great Houghton	175.36	204.59	233.81	263.04	321.49	379.95	438.40	526.08
Hardingstone	195.49	228.07	260.65	293.23	358.39	423.55	488.72	586.46
Upton	128.95	150.44	171.93	193.42	236.40	279.38	322.37	386.84
Wootton	166.17	193.86	221.56	249.25	304.64	360.03	415.42	498.50
Unparished Area	138.43	161.50	184.57	207.64	253.78	299.92	346.07	415.28

Schedule C**Major Precepting Authorities Council Tax for each Council Tax band**

Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Northamptonshire County Council	662.23	772.60	882.97	993.34	1,214.08	1,434.82	1,655.57	1,986.68
Northamptonshire Police Authority	124.44	145.18	165.92	186.66	228.14	269.62	311.10	373.32

Schedule D**Aggregate Council Tax for each Council Tax band**

Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Area:								
Billing	958.39	1,118.12	1,277.85	1,437.58	1,757.04	2,076.50	2,395.97	2,875.16
Collingtree	923.52	1,077.43	1,231.35	1,385.27	1,693.11	2,000.94	2,308.79	2,770.54
Duston	957.57	1,117.16	1,276.76	1,436.35	1,755.54	2,074.72	2,393.92	2,872.70
Great Houghton	962.03	1,122.37	1,282.70	1,443.04	1,763.71	2,084.39	2,405.07	2,886.08
Hardingstone	982.16	1,145.85	1,309.54	1,473.23	1,800.61	2,127.99	2,455.39	2,946.46
Upton	915.62	1,068.22	1,220.82	1,373.42	1,678.62	1,983.82	2,289.04	2,746.84
Wootton	952.84	1,111.64	1,270.45	1,429.25	1,746.86	2,064.47	2,382.09	2,858.50
Unparished Area	925.10	1,079.28	1,233.46	1,387.64	1,696.00	2,004.36	2,312.74	2,775.28



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

26 February 2009

Agenda Status: Public

Directorate: Finance and Support

Report Title	HRA BUDGET, RENT SETTING 2009/10 AND BUDGET PROJECTIONS 2010/11 AND 2011/12
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1. Summary

- 1.1 To consider and approve the overall HRA budgets for 2009/10 and the forecasts for 2010/11 and 2011/12, (summarised in **Annex A** and detailed in **Annex B**).
- 1.2 To approve the HRA Rent increases and other charges, (**Annex C**), for 2009/10
- 1.3 To consider and approve the Medium Term Planning Options submitted, (listed in **Annex D**).
- 1.4 To provide and update on the ongoing work on the direction of the HRA.

2. Recommendations

That Council approve:

- 2.1 An average rent increase of 5.65% per dwelling per week, in line with the Government's rent restructuring regime, convergence in 2023/24, to take effect from 1 April 2009.
- 2.2 The Medium Term Planning options at Annex D and the revised contributions to /from working balances;
- 2.3 The HRA budget for 2009/10 set out in Annex A and note the indicative budgets for 2010/11 and 2011/12;
- 2.4 That Warden and Call Care charges (including Eleanore House) are increased by 2% in line with Northampton Supporting People (as shown in Annex C);
- 2.5 That heating service charges are increased by 5.00% (as shown in Annex C);

2.6 That garage charges are increased by 5.00% (as shown in Annex C)

2.7 That the feedback from consultation through the Overview and Scrutiny Committees, be considered and welcomed (detailed at Annex E).

3. Report Background

See Cabinet report attached

4. Implications (including financial implications)

4.1 Resources and Risk

See Cabinet report attached

4.2 Legal

See Cabinet report attached

4.3 Other Implications

See Cabinet report attached

5. Background Papers

See Cabinet report attached

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CABINET REPORT

Report Title	HRA Budget, Rent Setting 2009/10 and Budget Projections 2010/11 and 2011/12
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	19 th February 2009
Key Decision:	Yes
Listed on Forward Plan:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Governance and Improvement
Accountable Cabinet Member:	Malcolm Mildren
Ward(s)	N/a

1. Purpose

- 1.1 To consider and approve the overall HRA budgets for 2009/10 and the forecasts for 2010/11 and 2011/12, (summarised in **Annex A** and detailed in **Annex B**).
- 1.2 To approve the HRA Rent increases and other charges, (**Annex C**), for 2009/10
- 1.3 To consider and approve the Medium Term Planning Options submitted, (listed in **Annex D**).
- 1.4 To provide and update on the ongoing work on the direction of the HRA.

2. Recommendations

2.1 That Cabinet recommend to Council to approve:

- a) An average rent increase of 5.65% per dwelling per week, in line with the Government's rent restructuring regime, convergence in 2023/24, to take effect from 1 April 2009.
- b) The Medium Term Planning options at **Annex D** and the revised contributions to /from working balances;
- c) The HRA budget for 2009/10 set out in **Annex A** and note the indicative budgets for 2010/11 and 2011/12;
- d) That Warden and Call Care charges (including Eleanore House) are increased by 2% in line with Northampton Supporting People (as shown in **Annex C**);
- e) That heating service charges are increased by 5.00% (as shown in **Annex C**);
- f) That garage charges are increased by 5.00% (as shown in **Annex C**);

3. Issues and Choices

3.1 Report Background

3.1.1 The Housing Revenue Account (HRA) is a ring-fenced account that represents the costs of holding the Council housing stock. There are strict rules surrounding the costs and income that can be charged to this account. Much of the income and expenditure is dictated by legislation and regulation leaving the Council with direct control over a limited number of these budgets. Rental income, by far the largest single budget within the HRA, is calculated by applying the rent restructuring formula as defined by the Government.

3.1.2 The HRA Budget proposed for 2009/10 reflects the current service levels in the current service methods of delivery. The budgets are likely to be reworked early in the new financial year to reflect the outcomes of the Housing Asset Management Strategy review, the HRA Business Plan and the restructure of the Housing Service.

3.2 Issues

Rents and Rent Restructuring

3.2.1 Rents within the HRA are currently being restructured in line with the Government Rent Restructuring formula. The intention of this restructuring is to have a consistent approach to rental charges across the whole of the Public Sector housing stock. The government has undertaken a fundamental review of rent restructuring and the entire subsidy regime over the last year as it recognised that the National HRA subsidy position is now in surplus and is not

operating as originally intended. The outcome of this review is due to be published in late spring of 2009.

- 3.2.2 The average rent increase and the methodology by which rents on individual properties move towards the calculated (formula) rent is determined by the Government Rent Restructuring formula, which is allocated for 2009/10 in line with the Government's Comprehensive Spending Review and disseminated through the HRA subsidy determination. The settlement for 2009/10 is for two years only and extends the rent convergence path out from the original target of 2011/12 to 2023/24 in an attempt to negate the need for larger rent increases to achieve convergence.
- 3.2.3 The percentage change in rental charges will vary from property to property depending on the formula rent calculation. It is proposed that the Council continues to follow the rent restructuring policies and adopts the revised convergence target date of 2023/24 specified in the Determination. This will result in an average rent increase of 5.65% for 2009/10.
- 3.2.4 Revised rents will take effect from 1st April 2009. The tables below show the range of rent increases for 2009/10 in percentage and pounds per week terms.

Rent Increase	No of Properties
Above 8%	0
7% to 8%	1
6% to 7%	1087
5% to 6%	10,918
3% to 5%	216
Less than 3%	0

Rent Increase £/week	No of Properties
Between £5 - £6	33
Between £4 - £5	3,302
Between £3 - £4	8,166
Between £2 - £3	721
Less than £2	0

Rent Rebate Subsidy Limitation

- 3.2.5 The Government set a 'limit rent' which defines the maximum amount of rent rise on which a Council receives rent rebate subsidy. This was colloquially known as the 'rent cap'. Until the introduction of rent restructuring in the 2001/02 financial year, Councils could raise rents by more than the level set by the Government, an approach adopted by Northampton, but would receive a financial penalty for doing so. This had an impact in the year of the rent rise and continues to have an impact on into future years.

- 3.2.6 By complying with rent restructuring, the rent levels within the subsidy calculation, the limit rent for rent rebate subsidy purposes, and the actual rent charged to tenants are all being brought into line.
- 3.2.7 Councils that raised rents by more than the amounts specified by the Government and benefited by doing so are now gradually seeing the corresponding benefit being removed through the rent restructuring process. This will continue to put additional increasing pressure on the HRA until the point at which all rents have been restructured.

HRA Subsidy

- 3.2.8 The subsidy budget is based on the Determination received from the Government. An analysis of the Determination indicates the following changes to the subsidy between 2008/09 and 2009/10. These are: -
- Management and Maintenance Allowances, which tend to decrease the amount of money paid to the Government. The calculation of these are formula based around types of properties and is intended to reflect the impact on HRA costs of different types of dwelling;
 - Notional income from rents, which tend to increase the amount of money paid to the Government. The calculation of this is formula based and forms part of the overall move to restructure rents towards a standard level for subsidy purposes and the actual rent charged to HRA tenants.
- 3.2.9 Also paid through the subsidy system is the Major Repairs Allowance, (MRA), which is used as part of the financing of the HRA capital programme.
- 3.2.10 The summary below shows the estimate for 2009/10 compared to 2008/09.

	2008/09	2009/10	Changes in Subsidy
	£'000	£'000	£'000
Management and Maintenance	-20,270	-20,555	-285
Major Repairs Allowance	-7,831	-7,956	-125
Capital Charges	-1,245	-1,277	-32
Interest on Receipts	4	3	-1
Notional Income for Rents	38,335	40,468	2,133
HRA Subsidy Entitlement	8,993	10,683	1,690

HRA Budget

- 3.2.11 The Housing Revenue Account budget includes the effect of rent and charges increases as recommended.
- 3.2.12 Summary draft budget figures are contained in Annex A.

3.2.13 The incidence of charges between the HRA and the General Fund is under continual review and there may be some effects to budgets arising from this, which will impact in future years.

3.2.14 In addition, the CLG has undertaken a review of HRA Subsidy and the HRA ring-fence. The results of this review are expected to be released early in the new financial year and could have a significant impact on future year budgets.

Un-pooling of service charges

3.2.14 The Government set a policy for social housing rents in the December 2000 policy statement, 'The Way Forward for Housing'. This policy included separating certain charges for service from the standard rent in order to make the charging policy to tenants clearer and fairer for the tenants of housing authorities. There are a number of these service charges that are still charged through rent including caretaking and cleaning. Work is continuing to assess the effects of the un-pooling, and un-pooling will be implemented as soon as possible, taking account of clarity of accountability and any logistical issues regarding implementation in-year, rather than at the start of a financial year.

Housing Repairs Account

3.2.15 A Housing Repairs Account is used to keep a separate record of income and expenditure relating to the repair and maintenance – but not the supervision and management – of an authority's HRA houses or other HRA property. It operates within the HRA ring-fence and, as such, no transfers can be made to or from any accounts other than the HRA. Other key points are:

- (i) the account must be kept in accordance with proper practices;
- (ii) the account must be kept to **avoid a debit balance** in any year;
- (iii) authorities may make **transfers** to the account from the HRA and, in practice, will need to do so to avoid a deficit. They may also transfer some or all of any balance from the account to the HRA;
- (iv) the account must cover the **whole** of an authority's HRA stock;
- (v) if the account is closed, any balance must be transferred to the HRA.

3.2.16 From 2006/07 Northampton has operated a Housing Repairs Account. The Housing Repairs Account is intended to equalise the effect to the HRA of Housing Repairs and can carry its own balance from one year to another.

Capital Programme

3.2.17 The HRA Capital Programme is subject to a separate report. The budget for 2009/10 includes £7.96m for the Major Repairs Allowance. This can only be used to finance HRA capital expenditure. It should be noted that the Revenue Contribution to Capital Expenditure (RCCE) has been removed from the 2009/10 and future years budgets, in line with the business plan, in order to ensure a sustainable revenue position in the medium term. The HRA capital programme has a direct impact on the revenue position of the HRA.

Expenditure for capital purposes and the effect on revenue expenditure continue to be considered together.

MTFP Position

3.2.18 The financial pressure on the HRA is increasing over time. This arises from a number of factors, the main ones being: -

- Rents pressure through the rent restructuring process;
- The sale of council houses through Right to Buy whereby, broadly speaking, the better quality housing stock will be sold; and
- Repairs costs through the pressure to meet and maintain the decent homes standard.

3.2.19 A Cabinet Advisory Panel on Housing Options is considering the results of the HRA financial modelling and Housing Asset Management Strategy.

3.2.20 Other future options, including buying the HRA out of the subsidy regime, will be considered when appropriate.

HRA Reserves

3.2.21 In previous years, Cabinet has approved the prudent set aside of funds into specific HRA Reserves to finance future capital programmes and a Leaseholder sinking fund or similar mechanism. These reserves currently total £5m and £1m respectively. The budget includes further contributions to earmarked reserves of £2.5m in 2009/10, £1m in 2010/11 and £400k in 2011/12. These reserves can be drawn down as required, to finance the future strategic requirements of the service.

3.3 Choices (Options)

MTP Options

3.3.1 The Cabinet can suggest changes to the budget proposals subject to the advice of the Chief Financial Officer.

3.3.2 The Cabinet can identify service areas to be scrutinized prior to consideration and approval in February.

3.3.3 Three MTP options are summarised at **Annex D**. The Cabinet are invited to indicate if they wish any specific services to be considered for inclusion. These MTP options have not been included in the figures at **Annex A**. If approved, the contribution to working balances would decrease by £260,000 for 2009/10 from £6.3m to £6.1m.

4. Implications (including financial implications)

4.1 Policy

4.1.1 None

4.2 Resources and Risk

4.2.1 The HRA subsidy determination is for two years only, making forecasting forward difficult, especially in light of the Government's fundamental review of the rent restructuring policy and subsidy regime. Further information about this review is expected to be published in late spring 2009.

4.3 Legal

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

4.4 Equality

4.4.1 Equality and Diversity were considered as a part of the budget build process, and an equalities assessment will be completed as part of each medium term planning option submitted.

4.5 Consultees (Internal and External)

4.5.1 Internally, Corporate Managers, Budget Managers and the Portfolio Holder have been consulted.

4.5.2 NBC Overview and Scrutiny has been consulted on the HRA budget. The notes are attached at Annex E.

4.5.3 Tenants will be consulted through the Tenant Sounding Board.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Any discretionary proposals considered during the budget process will be assessed against the corporate priorities as set out in the Corporate Plan.

4.7 Other Implications

The Annexes are set out as follows:

- A. Proposed Budget 2009/10 and Budget Projections 2010/11 - 2011/12
- B. Summary and Detailed Service Budgets - HRA
- C. Other Charges Current charges and Proposed Charges.
- D. MTP Options Summary

5. Background Papers

5.1 CLG – Final HRA Subsidy Determination 2009/10

Phil Morrison, Finance Manager, ext. 7187



NORTHAMPTON
BOROUGH COUNCIL

HOUSING REVENUE ACCOUNT
FINANCIAL YEAR 2008/2009
PRODUCED

	2008/2009 £,000's	2009/2010 £,000's Proposed Budget	2010/2011 £,000's Proposed Budget	2011/2012 £,000's Proposed Budget
	Base Budget	Budget	Budget	Budget
INCOME				
Rents - Dwellings Only	-40,580	-43,080	-44,607	-46,189
Rents - Non Dwellings Only	-1,157	-1,157	-1,157	-1,157
Service Charges	-1,646	-1,471	-1,486	-1,500
Other Income	0	-205	-205	-205
Total Income	-43,383	-45,912	-47,454	-49,050
EXPENDITURE				
Repairs and Maintenance	9,152	9,136	9,472	9,744
General Management	3,984	4,602	4,744	4,853
Special Services	3,437	3,558	3,772	4,014
Rents, Rates, Taxes & Other Charges	70	45	47	49
Increase in Bad Debt Provision	450	400	400	400
Rent Rebate Subsidy Deductions	1,600	1,324	927	477
Housing Revenue Account Subsidy	8,993	10,683	13,368	15,278
Total Expenditure	27,685	29,748	32,730	34,815
Net Cost of Services	-15,697	-16,164	-14,725	-14,235
Net Recharges to the General Fund	6,220	5,392	5,392	5,392
Interest & Financing Costs	-528	-28	102	176
Revenue Contribution to Capital	2,000	0	0	0
Major Repairs Allowance	7,831	7,957	8,083	8,213
Contribution to Earmarked Reserves	0	2,500	1,000	400
Net Transfer From / (To) Working Balance	-174	-344	-148	-53
Working Balance B/fwd	-6,695	-5,964	-6,308	-6,455
Working Balance C/fwd	-6,869	-6,308	-6,455	-6,509

HRA

ORIGINAL BUDGET 2008/2009	(15,697,290)	(15,697,290)	(15,697,290)
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CONTINUATION BUDGET				
PERMANENT VIREMENTS BETWEEN SERVICES	2009/10 £	2010/11 £	2011/12 £	COMMENTS
	0	0	0	
TOTAL PERMANENT VIREMENTS	0	0	0	

INFLATION	2009/10 £	2010/11 £	2011/12 £	COMMENTS
<u>Payroll Adjustments</u>				
Increments	236,051	382,900	457,592	Cost of Forecast Incremental Progression
Inflation	685,029	1,094,207	1,469,145	Inflation at 2.45%, 2.45%, 2.45%
Total Payroll Adjustments	921,080	1,477,107	1,926,737	
<u>Central Inflation</u>				
Gas (HRACIG)	76,947	180,825	321,062	Inflation at 35%, 35%, 35%
Electric (HRACIE)	64,690	101,951	142,789	Inflation at 20%, 9.6%, 9.6%
Water (HRACIW)	3,194	6,598	10,224	Inflation at 6.5%, 6.5%, 6.5%
Insurance (HRACII)	925	1,895	2,916	Inflation at 5%, 5%, 5%
Vehicle Allowances (HRACIV)	6,129	12,461	19,002	Inflation at 3.3%, 3.3%, 3.3%
Total Central Inflation	151,885	303,730	495,993	
<u>Non Central Inflation</u>				
Inflation on Supplies & Services (HRASS)	0	0	0	
Total Non Pay Inflation	0	0	0	
TOTAL INFLATION	1,072,965	1,780,837	2,422,730	

CONTINUATION BUDGET SUB TOTAL	(14,624,325)	(13,916,453)	(13,274,560)
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ESSENTIAL GROWTH	2009/10 £	2010/11 £	2011/12 £	COMMENTS
Budget Pressures				
TOTAL BUDGET PRESSURES	0	0	0	
Budget Realignment / Savings				
NNDR (HRAR1)	36,197	37,646	39,152	NNDR Budgets subject to inflation set at 3.90% of realigned budget and inflated for future years - largely relates to Commercial Properties
Severance Payments (HRAR2)	79,560	44,318	6,536	Increase in pension costs relating to added years service payments
Vehicle Allowances (HRAR4)	45,622	45,622	45,622	Vehicle Allowances realigned to reflect actual expenditure.
Vehicle Repair & Maintenance (HRAR6)	(1,373)	(725)	(56)	Vehicle Repair & maintenance budget realigned to reflect actual expenditure.
Vehicle Other Running Costs (HRAR7)	14,693	15,376	16,081	Increase in vehicle running costs within Property Maintenance.
Vehicle Fuels (HRAR8)	11,894	11,894	11,894	Increase in vehicle fuel costs within the Property Maintenance service.
Hired Transport & Plant (HRAR9)	35,690	39,990	44,460	Increase in hire costs within the Property Maintenance service.
Professional Services (HRAR10)	(95,000)	(126,600)	(126,600)	Budget has been decreased to reflect the end of the Kendrick Ash contract within the Rent Income Service on 10/06/09
HRA Call Care (HRAR12)	(56,330)	(56,330)	(56,330)	Removal of HRA Call Care Budget as this is now accounted for within the General Fund.
Anti-social Behaviour (HRAR13)	30,000	30,000	30,000	HRA Contribution to ASBU Case Manager post
Property Maintenance (HRAR15)	44,000	44,000	44,000	Additional costs relating to IT software licences within the Property Maintenance service.
PATH Trainee Scheme (HRAR16)	89,742	92,703	95,763	Path Trainee Scheme within Housing Services as agreed in 2008/09.
Contribution to Bad Debt Provision (HRAR17)	(50,000)	(50,000)	(50,000)	Reduction in Contribution to Bad Debt Provision reflecting service improvements in rent collection
Rent Rebate Subsidy Penalty (HRAR18)	(276,000)	(673,000)	(1,123,000)	Rent Rebate Subsidy Limitation adjusted in line with Business Plan projections and reducing in line with the rent convergence target date of 2023/24.
Realignment of HRA Subsidy (HRAR19)	1,689,700	4,374,700	6,284,700	Increase in HRA Subsidy payments based upon the Determination received from the Government.
Tenancy Management (HRAR20/5/11/14)	(65,144)	(65,144)	(65,144)	Various Budget Savings within Housing Services, including reductions in court costs, void property costs and SPA support costs.
Sheltered Housing (HRAR21)	(13,800)	(13,800)	(13,800)	Various Budget Savings within Sheltered Housing, including reductions in printing and training costs.
Cyclical Redecoration of Council Homes (HRAR22)	(55,000)	(55,000)	(55,000)	Reduction in cyclical external decoration costs - now included within Decent Homes capital programme.
HRA Fire Insurance Claims (HRAR25)	(180,000)	(180,000)	(180,000)	Insurance income receivable in respect of fire damaged properties, to offset costs incurred.
Increase in Officer Parking Budgets (HRAR24)	6,192	6,192	6,192	Officer Parking Budgets within HS04 & HS07 increased in line with number of permits issued in 2008/09
Insurance Costs	(238,903)	(196,585)	(185,343)	Reduced insurance premium and excess costs anticipated as a result of the retendering of the insurance provision tender.
TOTAL BUDGET REALIGNMENT / SAVINGS	1,051,740	3,325,258	4,769,127	
TOTAL ESSENTIAL GROWTH / SAVINGS	1,051,740	3,325,258	4,769,127	
CONTINUATION BUDGET INCLUDING GROWTH	(13,572,584)	(10,591,195)	(8,505,433)	

OPTIONS BUDGET				
INCOME	2009/10 £	2010/11 £	2011/12 £	COMMENTS
Income Option - Housing Rent Income (HRAI1)	(2,494,526)	(4,020,415)	(5,599,712)	Increase to rents in line with the Government Rent Restructuring formula. The rent convergence target date set for 2009/10 is 2023/24.
Income Option - External Rent Receivable (HRAI2)	(5,360)	(7,360)	(9,360)	Increase rental income from Shared Ownership properties.
Income Option - Service Charges Recoverable (HRAI3)	(74,697)	(88,907)	(103,542)	Increased income from leaseholder and communal heating service charges.
Income Option - Contributions from Tenants -Repairs (HRAI4)	(25,000)	(25,000)	(25,000)	New budget to reflect actual income levels from tenants contributions to repairs.
Deletions of redundant income budget (HRAI7)	8,100	8,100	8,100	Removal of Historic income budgets no longer in use
TOTAL INCOME	(2,591,483)	(4,133,582)	(5,729,514)	
BUDGET BEFORE SAVINGS AND GROWTH	(16,164,067)	(14,724,777)	(14,234,947)	This is the Net Cost of Services that appears on the HRA Summary (Annex A).

SUMMARY OF PROPOSED RENT AND CHARGES INCREASES

	Present	Proposed
	£	£
Garages (+VAT in some cases)	6.69	7.02
Commuter Surcharge on Garages (+VAT in some cases)	10.63	11.16
Communal Heating	7.72	8.11
Sheltered Charges per Review		
- Level 1 Low	5.53	5.64
- Level 2 Medium	12.01	12.25
- Level 3 High	17.64	17.99
Eleonore House - Level 4		
- Prior to 31/3/03	8.72	8.89
- After 31/3/03	62.03	63.27

Notes

N.B The final charges may differ slightly due to roundings

MTP SAVINGS (FROM OPTIONS)	2009/10	2010/11	2011/12	COMMENTS
	£	£	£	
Savings Option -Kendrick Ash (HRAS1)	(31,600)	0	0	Early termination (31.03.09) of Rent Income support contract with Kendrick Ash
TOTAL MTP SAVINGS	(31,600)	0	0	

INVESTMENT IN PRIORITY SERVICES From MTP Options	2009/10	2010/11	2011/12	COMMENTS
	£	£	£	
Investments in Priority Services				
Investment - Immersion Heater Inspections (HRA16)	273,600	273,600	273,600	Immersion heater and cold water storage tank inspections required following HSE warning. 6,986 potentially at risk properties have been identified.
Investment - Tenant Participation Supplies & Services (HRA18)	18,000	18,000	18,000	Costs of staging additional tenant participation events throughout the year.
TOTAL PRIORITY GROWTH	291,600	291,600	291,600	

TOTAL SAVINGS AND GROWTH	260,000	291,600	291,600
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Consultation responses – Overview and Scrutiny Committees

Comments and Recommendations from Overview and Scrutiny 2

DRAFT HRA BUDGET

The Committee heard that the rent increase proposed at 5.6% is based on Central Government's calculations.

Mr Chris Swinn addressed the Committee commenting that tenants should be consulted on rent increases but this had not happened. He referred to Section 105 of the Housing Act 1985 that states tenants should be involved in the monitoring process of consultation. There is a need to understand as to how these budgets are being implemented.

Mr Swinn was thanked for his address.

The Committee made observations and heard:-

- In respect of the current economic climate, the Committee noted that there are several schemes to help people in these difficult times. Individuals will need to contact the Housing Department. It was also noted that regular workshops are being set up for tenants to come in and discuss their problems.
- In response to a query regarding the suitability of the Maple Buildings, the Committee was advised that it has not as yet been confirmed whether it is feasible to use these buildings, however the Communities for Local Government (CLG) had commented that it will support a town centre location.
- There needs to be full consultation with residents and relevant organisations and bodies, such as the Anti Social Behaviour Panel before there are any firm proposals in place.
- Acorn House is in a poor state.

AGREED: That the HRA budget 2009 / 2012 be noted.



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

26 February 2009

Agenda Status: Public

Directorate: Finance and Support

Report Title	PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2009-10 to 2011-12
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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 2009-10 and the two following years. This must be done formally as part of the budget setting process each year.

1.2 This report sets out:

- The background to the prudential indicators
- Updated prudential indicators for 2008-09 where applicable
- Proposed prudential indicators for 2009-10 and the following two years
- A commentary to support the individual prudential indicators (Annex A)

2. Recommendations

2.1 That Council approve the prudential indicators required under the CIPFA Prudential Code for Capital Finance in Local Authorities as set out at paragraph 3.2.2 of the Cabinet Report.

2.2 That in line with Guidance Notes to the Prudential Code issued by CIPFA, Council approve the delegation of authority to the Section 151 Officer to make adjustments between the “borrowing” and “other long term liabilities” categories within the overall total of the indicators for the operational boundary and the authorised limit for external debt, as shown at paragraph 3.2.2 (g) and (h). This will allow 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.

3. Report Background

See Cabinet report attached

4. Implications (including financial implications)

4.1 Resources and Risk

See Cabinet report attached

4.2 Legal

See Cabinet report attached

4.3 Other Implications

See Cabinet report attached

5. Background Papers

See Cabinet report attached

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Appendices



Item No.

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2009-10 to 2011-12
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	19 February 2009
Key Decision:	YES
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Finance & Support
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 to set a range of prudential indicators for 2009-10 and the two following years. This must be done formally as part of the budget setting process each year.
- 1.2 This report sets out:
- The background to the prudential indicators
 - Updated prudential indicators for 2008-09 where applicable
 - Proposed prudential indicators for 2009-10 and the following two years
 - A commentary to support the individual prudential indicators (Annex A)

2. Recommendations

- 2.1 That Cabinet recommend to Council that they approve the prudential indicators required under the CIPFA Prudential Code for Capital Finance in Local Authorities as set out at paragraph 3.2.2 below.
- 2.2 That in line with Guidance Notes to the Prudential Code issued by CIPFA, Cabinet recommend to Council that they approve the delegation of authority to the Section 151 Officer to make adjustments between the “borrowing” and “other long term liabilities” categories within the overall total of the indicators for the operational boundary and the authorised limit for external debt, as shown at paragraph 3.2.2 (g) and (h) below. This will allow 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.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Local authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc and Accounts).
- 3.1.2 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 all local authorities to set prudential indicators for capital finance for the forthcoming and the two following financial years. The prudential indicators must then be monitored, and revised, as appropriate, during the year.
- 3.1.5 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.
- 3.1.6 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.

3.1.7 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

3.2 Issues

Prudential Indicators

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 proposed prudential indicators for 2009-10 to 2011-12 are set out below. They are also shown in the attached Annex with a commentary that explains each of the indicators in more detail.

a) Estimate of capital expenditure

Capital Expenditure				
	2008-09	2009-10	2010-12	2012-13
	Latest Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund	10,840	3,834	970	104
HRA	10,105	12,429	13,777	13,670
Total	20,945	16,263	14,747	13,774

b) Estimate of Capital Financing Requirement (CFR)

Capital Financing Requirement (Closing CFR)				
	2008-09	2009-10	2010-11	2011-12
	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000	31 March 2012 Estimate £000
General Fund	25,386	25,319	24,183	23,064
HRA	(7,229)	(6,675)	(5,605)	(535)
Total	18,157	18,644	18,578	22,529

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

Ratio of financing costs to net revenue stream			
	2009-10	2010-11	2011-12
	Estimate	Estimate	Estimate
	%	%	%
General Fund	4.90%	6.68%	5.45%
HRA	17.26%	17.25%	17.27%

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

Estimates of incremental impact of new capital investment decisions on the Council Tax	
	General Fund
	£ p
2009-10	0.14
2010-11	4.42
2011-12	4.38

- e) Estimate of the incremental impact of capital investment decisions on average weekly housing rents

Estimates of incremental impact of new capital investment decisions on the Council Housing Rents	
	HRA
	£ p
2009-10	0
2010-11	0
2011-12	0

- f) Net borrowing to Capital Financing Requirement

Net external debt less than CFR	
	2009-10 £000
Borrowing	31,077
Less investments	66,000
Net external debt	0
2008-09 Closing CFR (Forecast)	18,157
Changes to CFR:	
2009-10	487
2010-11	(66)
2011-12	3,951
Adjusted CFR	22,529
Net external debt less than adjusted CFR	Yes

g) Authorised limit for external debt

Authorised limit for external debt				
	2008-09	2009-10	2010-11	2011-12
	Limit £000	Limit £000	Limit £000	Limit £000
Borrowing	41,000	41,000	41,000	41,000
Other long-term liabilities	2,000	2,000	2,000	2,000
TOTAL	43,000	43,000	43,000	43,000

h) Operational boundary for external debt

Operational boundary for external debt				
	2008-09	2009-10	2010-11	2011-12
	Boundary £000	Boundary £000	Boundary £000	Boundary £000
Borrowing	36,000	36,000	36,000	36,000
Other long-term liabilities	2,000	2,000	2,000	2,000
TOTAL	38,000	38,000	38,000	38,000

i) Upper limit for fixed interest rate exposure

Upper limits on fixed interest rate exposures	
	Upper Limit £000
2008-09	0
2009-10	0
2010-11	0
2011-12	0

j) Upper limit for variable interest rate exposure

Upper limits on variable interest rate exposures	
	Upper Limit £000
2008-09	38,000
2009-10	38,000
2010-11	38,000
2011-12	38,000

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

Upper limit on investments for periods longer than 364 days	
	Upper Limit £000
2008-09	6,000
2009-10	10,000
2010-11	10,000
2011-12	10,000

l) Upper and lower limits on 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%

- m) Adoption of the CIPFA code of Practice for Treasury Management in the 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.

3.3 Choices (Options)

- 3.3.1** Cabinet are asked to recommend to Council that they approve the prudential indicators set out at paragraph 3.2.2 above.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The setting of the prudential indicators for 2009-10 to 2011-12 sets the policy for the coming year, and plans for future years.

4.2 Resources and Risk

- 4.2.1 The prudential indicators will provide a framework in 2009-10 in which the Council conducts its treasury activities, consistent with good treasury risk management. They will be 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 proposed here have been proposed taking account of the existing structure of borrowing and all reasonable restructuring activity that might occur. They are consistent with the Council’s capital programme and treasury management strategy for 2009-10 to 2010-11, which are both brought to this Cabinet to recommend for approval by Council on 26 February.
- 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 contributes positively to Comprehensive Area Assessment (CAA) Use of Resources requirements. This supports the Council's priority to be a well-managed organisation that puts customers at the centre of what we do.

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
- CIPFA Prudential Code for Capital Finance in Local Authorities 2003
- ODPM Guidance on Local Government Investments 2004
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (Fully Revised Second Edition 2006)

- CIPFA Prudential Code for Capital Finance in Local Authorities – Fully Revised Guidance Notes for Practitioners 2007
- The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008

5.2 Cabinet/Council Reports

- 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)
- Prudential Indicators for Capital Finance 2008-09 - Position as at 30 November 2008 - Report to Council 4 February 2008
- Capital Programme 2008-09 – Position as at the end of December 2008 – Report to Cabinet 4 February 2009
- Capital Programme 2009-10 to 2011-12 - Report to Cabinet 19 February 2009
- Treasury Strategy 2009-10 to 2011-12- Report to Cabinet 19 February 2009
- Revenue Budget 2009-11 - Report to Cabinet 19 February 2009

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

Prudential Indicators 2009-10 to 2011-12

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 2009-10 to 2011-12 is included elsewhere on this agenda and the 2009-10 to 2011-12 figures below are taken from that report.

The 2008-09 figures, which are included for completeness, are taken from the latest proposed budget in the Capital Monitoring – Position as at 30 November 2008 report, which was approved by Cabinet on 4 February.

Estimates for 2010-11 and 2011-12 include continuation schemes from previous years. Outline proposals for new bids starting in those years are not included at this stage. The programme for 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				
	2008-09	2009-10	2010-11	2011-12
	Latest Estimate £000	Estimate £000	Estimate £000	Estimate £000
General Fund	10,840	3,834	970	104
HRA	10,105	12,429	13,777	13,670
Total	20,945	16,263	14,747	13,774

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

The availability of financing from capital receipts, grants and external contributions also carries significant risk. This can be particularly true of capital receipts, where market conditions are a key driver to the flow of funds, causing particular problems in a rapidly changing economic environment. A prudent approach has been taken to this in the proposed capital programme for 2009-10 to 2011-12; in order to minimise risk the reliance on forecast receipts has been kept to an absolute minimum.

The financing position of the capital programme is 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 the forthcoming financial year and the following two years thereafter. A local authority that has an HRA must identify separately estimates of the HRA and General Fund CFR.

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

Capital Financing Requirement (Closing CFR)				
	2008-09	2009-10	2010-11	2011-12
	31 March 2009 Estimate £000	31 March 2010 Estimate £000	31 March 2011 Estimate £000	31 March 2012 Estimate £000
General Fund	25,386	25,319	24,183	23,064
HRA	(7,229)	(6,675)	(5,605)	(535)
Total	18,157	18,644	18,578	22,529

The forecast trend is for the GF CFR to decrease, as repayments of debt principal in the form of Minimum Revenue Provision (MRP) are expected to be in excess of planned borrowing in each of the forthcoming three years. Conversely the HRA CFR is expected to increase, moving from its negative position towards a positive figure, as new borrowing is used to support expenditure on the decent homes programme.

The changes to CFR for future years (2010-11 and 2011-12) are subject to future Council decisions in respect of the capital programme for those years. The Council currently has no plans to undertake further GF prudential borrowing in 2010-11 and 2011-12, and the forecasts have been prepared on that basis

Prudential Indicators of Affordability

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

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

The indicator has been calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers for the non-HRA element, and by total HRA income for the HRA element. The objective is to enable trends to be identified.

The General Fund figures have increased from the 2008-09 equivalents, which were all below 1%, due to reduced income from investments in the prevailing interest rate environment, and to additional costs of capital financing in the early years following purchase under new MRP regulations discussed at (b) above.

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 2009-10 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			
	2009-10	2010-11	2011-12
	Estimate	Estimate	Estimate
	%	%	%
General Fund	4.90%	6.68%	5.45%
HRA	17.26%	17.25%	17.27%

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 anticipated that General Fund capital expenditure of £828k will be financed by borrowing in 2009-10. This will generate repayments of interest and principal (MRP) to be charged against the debt financing revenue budget. Interest is estimated as starting from December 2009; MRP charges will commence from the year following the capital expenditure – i.e. from 2010-11.

New regulations that came into force in February 2008 require local authorities to make 'prudent provision' for the repayment of debt instead of using the 4% reducing balance basis that was formerly prescribed. A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment of debt should be more closely aligned to the useful life of the asset or assets for which the borrowing has been carried out.

The impact of the new regulations is an increase in the minimum revenue provision that has to be made for the early years following expenditure. This will affect the Council's revenue budgets from 2009-10 onwards, in respect of capital expenditure financed by borrowing from 2008-09 onwards. This impact is because of the nature of the Council's capital expenditure, which tends to be on short life assets such as IT hardware and software rather than long life assets such as buildings or infrastructure.

The costs shown below represent the incremental impact on Council Tax of the unsupported (or prudential) borrowing that is being met directly from revenue budgets (i.e. interest and principal repayments) from capital expenditure schemes starting in 2009-10.

Estimates of incremental impact of new capital investment decisions on the Council Tax	
	General Fund
	£ p
2009-10	0.14
2010-11	4.42
2011-12	4.38

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.

There are no plans to finance HRA capital expenditure in 2009-10 to 2011-12 from contributions from the HRA revenue budgets for 2009-10 to 2011-12. Prudential borrowing is planned as a funding source in 2010-11 and 2011-12, but due to the negative HRA CFR the costs of this are recovered through Housing Subsidy, and there is no direct impact on housing rents. There is therefore no impact on average weekly rents arising from the capital expenditure plans for these years.

Estimates of incremental impact of new capital investment decisions on the Council Housing Rents	
	HRA
	£ p
2009-10	0.00
2010-11	0.00
2011-12	0.00

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.

Net external debt at the end of three years is expected to fall below the forecast Capital Financing Requirement.

Net external debt less than CFR	
	2009-10 £000
Borrowing	31,077
Less investments	66,000
Net external debt	0
2008-09 Closing CFR (Forecast)	18,157
Changes to CFR:	
2009-10	487
2010-11	(66)
2011-12	3,951
Adjusted CFR	22,529
Net external debt less than adjusted CFR	Yes

External Debt Prudential Indicators

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				
	2008-09	2009-10	2010-11	2011-12
	Limit £000	Limit £000	Limit £000	Limit £000
Borrowing	41,000	41,000	41,000	41,000
Other long-term liabilities	2,000	2,000	2,000	2,000
TOTAL	43,000	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				
	2008-09	2009-10	2010-11	2011-12
	Boundary £000	Boundary £000	Boundary £000	Boundary £000
Borrowing	36,000	36,000	36,000	36,000
Other long-term liabilities	2,000	2,000	2,000	2,000
TOTAL	38,000	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.

This limit can be in terms of principal sums or the associated interest, and it can be expressed as a percentage or as an absolute amount (i.e. a monetary figure). The Council has chosen to work to a limit represented as an absolute amount of principal sums. Officers consider this to be the most transparent and method and the more straightforward to monitor.

The 2008-09 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 2008-09 and 2009-10 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 £66m 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 £000
2008-09	0
2009-10	0
2010-11	0
2011-12	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.

This limit can be in terms of principal sums or the associated interest, and it can be expressed as a percentage or as an absolute amount (i.e. a monetary figure). The Council has chosen to work to a limit represented as an absolute amount of principal sums. Officers consider this to be the most transparent and method and the more straightforward to monitor.

The 2008-09 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 2008-09 and 2009-10 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 £66m 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 £000
2008-09	38,000
2009-10	38,000
2010-11	38,000
2011-12	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.

This limit can be expressed as a percentage or as an absolute amount (i.e. a monetary figure). The Council has chosen to work to a limit represented as an absolute amount as officers consider this to be the most transparent and method and the more straightforward to monitor.

The limit has been set at a level that would allow for monies not anticipated to be spent in year e.g. capital receipts, to be invested for longer periods if interest rates are favourable.

A increase in the limit is proposed for 2009-10 and onwards, in order to allow more flexibility to take advantage of favourable long term rates when market conditions allow.

Upper limit on investments for periods longer than 364 days	
	Upper Limit £000
2008-09	6,000
2009-10	10,000
2010-11	10,000
2011-12	10,000

Risk – This upper limit has been set at a prudent level (approx 15% of forecast total external investments) in order not to compromise cash flow liquidity.

l) 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 2009-10 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.

LOBO loans of £15.6m currently due for repayment in 2014-15 will need to be rescheduled or repaid, in full or part, in order for the 2-5 year limits not to be breached in 2010-11 or 2011-12. Officers will be looking, during 2009-10, at optimum options to manage this.

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) and TMP Schedules, 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. Council approved a revision to the Schedule to TMP1 Treasury Risk Management on 8 December 2008. Fully updated TMPs and TMP Schedules are included in the proposed Treasury Management Strategy report brought to Cabinet on 19 February 2009.



COUNCIL

26 February 2009

Agenda Status: Public

Directorate: Finance & Support

Report Title	TREASURY STRATEGY 2009-10 TO 2011-12
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1. Summary

1.1 The purpose of the report is to bring to Council the proposed:

- a) Treasury Management Policy Statement
- b) Treasury Management Practices (TMPs) and TMP Schedules for 2009-10
- c) Treasury Strategy for 2009-10.

2. Recommendations

2.1 That Council approve:

- a) The Treasury Management Policy Statement
- b) The Treasury Management Practices (TMPs) and TMP Schedules for 2009-10
- c) The Treasury Strategy for 2009-10, incorporating:
 - (i) The Capital Financing and Borrowing Strategy for 2009-10 including:
 - o The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
 - o The Affordable Borrowing Limit for 2009-10 as required by the Local Government Act 2003.
 - (ii) The Investment Strategy for 2009-10 as required by the DCLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

2.2 That Council note:

- a) The proposed Debt Financing Budget 2009-10 to 2010-11 (paragraph 3.2.15 and Annex D of the Cabinet report).
- b) Adherence to the Council's policy on reserves and balances (paragraph 3.2.16 of the Cabinet report).
- c) Compliance with the requirement under the Local Government Act 2003 to produce a balanced budget (paragraph 3.2.17 of the Cabinet report).

3. Report Background

See Cabinet report attached

4. Implications (including financial implications)

4.1 Resources and Risk

See Cabinet report attached

4.2 Legal

See Cabinet report attached

4.3 Other Implications

See Cabinet report attached

5. Background Papers

See Cabinet report attached

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CABINET REPORT

Report Title	TREASURY STRATEGY 2009-10 to 2011-12
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	19 February 2009
Key Decision:	YES
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Finance and Support
Accountable Cabinet Member:	Malcolm Mildren
Ward(s)	Not Applicable

1. Purpose

1.1 The purpose of the report is to bring to Cabinet the proposed

- a) Treasury Management Policy Statement
- b) Treasury Management Practices (TMPs) and TMP Schedules for 2009-10
- c) Treasury Strategy for 2009-10

2. Recommendations

2.1 That Cabinet recommend to Council that they approve:

- a) The Treasury Management Policy Statement
- b) The Treasury Management Practices (TMPs) and TMP Schedules for 2009-10
- c) The Treasury Strategy for 2009-10, incorporating:
 - (i) The Capital Financing and Borrowing Strategy for 2009-10 including:
 - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
 - The Affordable Borrowing Limit for 2009-10 as required by the Local Government Act 2003.
 - (ii) The Investment Strategy for 2009-10 as required by the DCLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

2.2 That Cabinet recommend to Council that they note:

- a) The proposed Debt Financing Budget 2009-10 to 2010-11 (paragraph 3.2.15 and Annex D).
- b) Adherence to the Council's policy on reserves and balances (paragraph 3.2.16).
- c) Compliance with the requirement under the Local Government Act 2003 to produce a balanced budget (paragraph 3.2.17).

3. Issues and Choices

3.1 Report Background

Treasury Management in the Public Services - CIPFA Code of Practice

- 3.1.1 The Council adopted the CIPFA Code of Practice on Treasury Management in Public Services following its publication in 2001. This was formally minuted as a decision at the Council meeting of 21 January 2008.
- 3.1.2 The Council's Financial Regulations, approved by Council on 19 November 2007, state, at paragraph 5.9, that:
- a) The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), and specifically adopts the key recommendations as described in Section 4 of that code. Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies and objectives of its treasury management activities.
 - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.
 - b) The Council will receive reports from the Section 151 Officer on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.
 - c) The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

CIPFA Prudential Code for Capital Finance in Local Authorities

- 3.1.3 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.
- 3.1.4 The Prudential Code for Capital Finance in Local Authorities requires the Council to set a number of prudential indicators for capital finance and a

report setting out the prudential indicators for 2009-10 to 2011-12 is included elsewhere on this agenda. This report includes those prudential indicators to which regard should be given when determining the Council's Treasury Management Strategy.

3.2 Issues

Economic Background

3.2.1 2008-09 has been a year of rapid economic downturn and unprecedented deterioration in the worldwide and UK banking sector.

3.2.2 The Council's treasury advisers, Sector Treasury Services, provided the following summary of the economic position as at the beginning of January 2009:

"The story of 2008 has been the credit crunch, the banking crisis and the change in economic outlook from slow growth to outright recession. The sub prime crisis of early 2008 was supplanted by the banking crisis of autumn 2008. The world banking system came near to collapse and governments around the world were forced to recapitalise and rescue their major banks. The resulting dearth of lending from banks anxious to preserve capital led to economic forecasts being sharply reduced and recession priced into markets. This in turn led to sharp falls in oil and other commodity prices with the result that inflation, which in the UK was running at over 5%, became yesterday's story and recession fears drove interest rate sentiment and policy. A co-ordinated global interest rate cut of 50bp took place on 8th October 2008. Forecasts in the UK were for further sharp cuts in interest rates as recession hove into view.

The Government has abandoned its 'golden rule'. The pre Budget Report on 14 November revealed the Government's plans for a huge increase in Government borrowing over coming years as a result of falling tax revenues and also due to tax cuts and increases in Government expenditure in the short term designed to help stimulate economic growth to counter the recession"

3.2.3 The situation has continued to deteriorate. The UK bank base interest rates have been cut further to 1%; the stability and standing of individual banks worldwide and in the UK continues to be very volatile, with changes to credit ratings or rating watches announced on a daily or sometimes hourly basis; governments have stepped in to offer guarantees or support to their banks, and sovereign ratings have been downgraded. In January 2009 the UK was officially described as being in recession.

Local Impact

3.2.4 These external events have had a massive impact on the Council's debt financing budget, where rates of return on investments are forecast to plummet, leading to significant budget shortfalls.

3.2.5 The impact on the management of risk associated with the use of investment counterparties has also been enormous. The collapse of the Icelandic banks

in October 2008 sent shock waves through the local government. Fortunately NBC did not hold any investments with these banks at the time of their collapse. However the stability of banks and the reliance that can be placed on credit ratings was brought into question.

- 3.2.6 A report was brought to Cabinet and Council in November and December 2008 setting temporary constraints on the counterparties to be used by NBC for the duration of the banking crisis. Investments were limited to counterparties supported by the UK government or with a guarantee from the Republic of Ireland Government.
- 3.2.7 Since that date further changes have been made to the counterparty list. Due to concerns about the Irish economy, and acting on the advice of Sector, investments are no longer being placed with the banks guaranteed by the Republic of Ireland Government. The lending list then became so restricted that it was not operationally manageable; furthermore risk was increased by reliance on too narrow a list of counterparties. A small number of additional counterparties were added, with the approval of the Chief Finance Officer, in consultation with the Chief Executive and the Portfolio Member for Finance. These were all institutions that had country (sovereign) ratings of AAA, were rated by Sector as being suitable for duration of up to 364 days, and were not under a rating watch, alert or outlook. Some have subsequently been removed from the list due to changes to their status, resulting in them no longer meeting one or more of these conditions.
- 3.2.8 The situation continues to be highly fluid, and it is essential to have a counterparty selection policy that can respond quickly to changes. Management of risk must take a higher priority over returns, so that the Council's balances are protected. Policies for the management of counterparty and credit risk are set out at Section 5 of TMP 1, attached at Annex B. The Council's proposed approach for 2009-10 is set out at Section 16 of the Treasury Management Strategy attached at Annex C.

Treasury Management Policy Statement

- 3.2.9 The Council's Treasury Management Policy Statement is set out at Annex A. The statement follows the wording recommended by the CIPFA Code of Practice on Treasury Management.

Treasury Management Practices (TMPs)

- 3.2.10 The Council's Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.
- 3.2.11 The TMPs are set out at Annex B, and are split as follows:
- Part 1: Main Principles
 - Part 2: Schedules

3.2.12 The Main Principles follow the wording recommended by the CIPFA Code of Practice on Treasury Management.

3.2.13 The Schedules cover the detail of how the Council will apply the Main Principles in carrying out its operational treasury activities.

Treasury Management Strategy 2009-10

3.2.14 The Council's Treasury Management Strategy for 2009-10 is set out at Annex C. The strategy incorporates:

(i) The Capital Financing and Borrowing Strategy for 2009-10 including:

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit for 2009-10 as required by the Local Government Act 2003.

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

Debt Financing Budget 2009-10 to 2011-12

3.2.15 The debt-financing budget has been prepared in accordance with the assumptions outlined above, and is included in the Revenue Budget 2009-10 to 2011-12 report to Cabinet. A copy is attached at Annex D for information.

3.2.16 The debt financing budget has been prepared on the basis of the Council's policy on reserves and balances – i.e. to protect balances wherever possible to allow the option of supporting future years' budgets, aiming for a minimum level of unallocated general fund reserves of £2.5m at the end of 2009-10 having regard to the outcome of the financial risk assessment. This policy is included in the Revenue Budget 2009-10 to 2011-12 report to Cabinet and Council.

3.2.17 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from increases in interest charges caused by increased borrowing to finance additional capital expenditure, and any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

3.2.18 The CIPFA Code of Practice on Treasury Management requires this report to include a reference to compliance under the Local Government Act 2003 to produce a balanced budget. Such compliance is demonstrated within the Revenue Budget 2009-10 to 2011-12 report to Cabinet & Council

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 sets the Council's policy on its debt and investment portfolios over the next financial year. It is revisited annually and reported to Cabinet and Council as part of the budget setting process.

4.2 Resources and Risk

4.2.1 The report concerns the management of the Council's debt and investment portfolios, and resources and risk are dealt with in the main body of the report and the annexes to the report.

4.2.2 Risks in the debt financing budget have been taken into account in earmarked reserves and in the Risk Assessment of General Fund Reserves

4.2.3 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) and TMP Schedules.

4.3 Legal

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

4.4 Equality

4.4.1 An Equalities Impact Assessment has been carried out on the Council's Treasury Strategy for 2009-10, and the associated Treasury Management Practices (TMPs) and the Schedules to the TMPs. This is attached at Annex E.

4.4.2 As a result of that assessment, it should be noted that the potential impact of the strategy and associated documents (including Treasury Management Practices (TMPs) and the Schedules to the TMPs) on the different equalities groups must be considered as it is developed and put together each year. This includes the consideration of the potential impact on the different

equalities groups of any processes, procedures or outcomes arising from these.

4.5 Consultees (Internal and External)

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

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The Council is required to keep its treasury management strategy under review and monitor against it. The strategy should reflect the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services.

4.6.2 This contributes positively to Comprehensive Area Assessment (CAA) Use of Resources requirements. This supports the Council's priority to be a well-managed organisation that puts customers at the centre of what we do.

4.7 Other Implications

4.7.1 No other implications have been identified.

5. Background Papers

Statute, Regulation and Guidance

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

Local Government Act 2003

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

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

Financial Regulations - Report to Council 19 November 2007

Capital Programme 2009-10 to 2011-12 - Report to Cabinet 19 February 2009

Revenue Budget 2009-10 to 2011-12 - Report to Cabinet 19 February 2009

Housing Revenue Account (HRA) Budget 2009-10 - Report to Cabinet 19 February 2009

Prudential Indicators for Capital Finance 2009-10 to 2011-12 - Report to Cabinet 19 February 2009

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

**Northampton Borough Council
Treasury Management Policy Statement**

1. Northampton Borough Council defines its treasury management activities as:

“The management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. Northampton Borough Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. Northampton Borough Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

**Treasury Management
Practices**

Part 1: Main Principles

February 2009

TREASURY MANAGEMENT PRACTICES

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.

TMP 1 Treasury risk management

TMP 2 Best value and performance measurement

TMP 3 Decision-making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP 6 Reporting requirements and management information arrangements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 Money laundering

TMP 10 Staff training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate governance

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, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to 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 it which are necessary for the achievement of its business/service objectives.

2) Interest rate risk management

The Council will 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 as amended in accordance with *TMP6 Reporting requirements 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, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times 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 levels 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, 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 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 this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

6) Refinancing risk management

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

It will actively manage its relationships with its counterparties in these transactions 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 the above.

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. If framing its credit and counterparty policy under *TMP1.5 Credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

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, 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.

TMP2 BEST VALUE AND PERFORMANCE MEASUREMENT

The Council is committed to the pursuit of best value in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in the support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TMP3 DECISION-MAKING AND ANALYSIS

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purpose of learning from the past, and for demonstration that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Council will undertake the treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1, *Risk management*.

TMP5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The Council considers it essential, for the purpose of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principles on which this will be based is clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with *TMP6 Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegation to the responsible officer in respect of the treasury management is set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on treasury management.

TMP6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Executive will receive:

- An annual report on the strategy and plan to be perused in the coming year
- An annual report on the performance of the treasury management function, on the effects of the decision taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's Treasury Management Policy Statement and TMPs.

The present arrangements and the form of these reports are detailed in the schedule to this document.

TMP7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The responsible officer will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matter to be included in the budget will at minimum be those required by statute of regulation, together with such information as will demonstrate compliance with TMP1 Risk management, TMP2 Best value and performance measurement, and TMP4 Approved instruments, methods and techniques. The form, which this organisation's budget will take, is set out in the schedule to this document. The responsible officer exercises effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 Reporting requirements and management information arrangements.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of this organisation's account is set out in the schedule to this document.

The council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved policies. The information made available under present arrangements is detailed in the schedule to this document.

TMP8 CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirement demand otherwise, all monies in the hands of the Council will be under control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring the compliances with TMP1 Liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP9 MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recoding the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangement, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

TMP10 STAFF TRAINING AND QUALIFICATIONS

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements. The present arrangements are detailed in the schedule to this document.

TMP11 USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies, where services are subject to a formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

TMP12 CORPORATE GOVERNANCE

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key recommendations of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in the treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

**Treasury Management
Practices**

Part 2: Schedules

February 2009

TREASURY MANAGEMENT PRACTICES - SCHEDULES

This section contains the schedules that set out the details of how the Treasury Management Practices (TMPs) are put into effect by this organisation.

TMP 1 Treasury risk management

TMP 2 Best value and performance measurement

TMP 3 Decision-making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities and dealing arrangements

TMP 6 Reporting requirements and management information arrangements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 Money laundering

TMP 10 Staff training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate governance

TMP1 TREASURY RISK MANAGEMENT

1. Liquidity

Sufficient levels of short term investments and cash deposits will be kept available for the discharge of the Council's liabilities. This will include at least £5m available at 24 hours notice.

Bank balances will be maintained within the terms agreed with the Council's bankers, and by having regard to any constraints on the minimum sum that can effectively be invested.

The Council has an agreed overdraft facility of £1m with its bankers.

The Council may undertake temporary borrowing, in accordance with Part 1 of the Local Government Act 2003, if necessary to maintain a sufficient level of liquidity at a particular point in time.

2. Interest Rate

The upper limits for fixed and variable interest rate exposures in respect of net external debt are set each year by the Council as prudential indicators, in accordance with the Local Government Act 2003.

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.

This limit can be in terms of principal sums or the associated interest, and it can be expressed as a percentage or as an absolute amount (i.e. a monetary figure). The Council has chosen to work to a limit represented as an absolute amount of principal sums. Officers consider this to be the most transparent method and the more straightforward to monitor.

The 2008-09 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 2008-09 and 2009-10 to be at fixed rates (e.g. PWLB loans) and for the option of rescheduling of existing LOBOs to fixed

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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 £66m 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 £000
2008-09	0
2009-10	0
2010-11	0
2011-12	0

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.

This limit can be in terms of principal sums or the associated interest, and it can be expressed as a percentage or as an absolute amount (i.e. a monetary figure). The Council has chosen to work to a limit represented as an absolute amount of principal sums. Officers consider this to be the most transparent method and the more straightforward to monitor.

The 2008-09 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 2008-09 and 2009-10 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 £66m 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) above.

Upper limits on variable interest rate exposures	
	Upper Limit £000
2008-09	38,000
2009-10	38,000
2010-11	38,000
2011-12	38,000

3. Exchange rate

The Council will only enter into loans and investments that are settled in £ sterling.

4. Inflation

Inflation, both current and projected, will form part of the debt investment decision-making criteria both within the strategy and as part of operational consideration. The risks are greater during periods of high or volatile inflation levels. The key consideration is that investments reap the highest real rate of return, with debt costing the lowest real cost, consistent with the other risks covered in this schedule.

5. Credit and counterparty policies

As part of the annual Treasury Strategy, the Council will approve an Annual Investment Strategy (AIS). Under the Local Government Act 2003 the Council is required to have regard to the DCLG (formerly ODPM) Guidance on Local Government Investments issued in March 2004 and CIPFA's Treasury Management in the Public Services Code of Practice (2001) and updated Guidance Notes (2006).

The DCLG Guidance on Local Government Investments requires that investments are split into two categories:

- Specified investments – broadly, sterling investments, not exceeding 364 days and with a high credit rating.
- Non-specified investments – do not satisfy the conditions for specified investments.

The detailed conditions attached to each of these categories are set out at the end of this section.

Specified investments

An investment is a specified investment if it satisfies the conditions set out below:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long-term investment (i.e. it does not exceed 364 days duration).
- The investment does not involve the acquisition of share capital or loan capital in any body corporate.
- Either of the following conditions is met:
 - (i) The investment is made with the UK Government or a local authority (as defined in section 23 of the 2003 Act) or a parish council or community council.
 - (ii) The investment is made with a body or in an investment scheme which has been awarded a high credit rating by a credit rating agency (either Standard and Poor's, Moody's Investment Service Ltd or Fitch ratings Ltd).

The majority of the Council's investments will fall into the category of specified investments, as they relate to short term cash flow surpluses that can be invested until required to meet expenditure commitments.

The Council may enter into any type of investment instrument categorised as a specified investment. These are listed at TMP4 Approved instruments, methods and techniques. Any type of specified investment that has not habitually been used by the Council – i.e. has not been used within the previous twelve month period, will only be entered into after consultation with the Council's treasury advisers, and with the express approval of the Chief Finance Officer.

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 the Council's treasury advisers, Sector Treasury Services, whose list is updated monthly. This list is based upon credit ratings issued by the three main rating agencies, and also taking into account other relevant factors, such as sovereign ratings. 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.

Non-specified investments

The Council will set a limit each year for the level and type of non-specified investments that may be placed at any one time. This limit will be set in the Annual Investment Strategy and in the Prudential Indicators.

The only category of non-specified investments currently used are investments over 364 days. The maximum period of investment will be three years. These investments will only be placed with eligible counterparties, after consultation with Sector, and with the approval of the Finance Manager, Capital & Treasury.

Counterparties

The Chief Finance Officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits.

The counterparty list may be further restricted with the approval of the Chief Finance Officer to limit the exposure of the authority to risk in times of economic or market uncertainty.

Treasury management staff will add or delete counterparties to or from the approved counterparty list in line with the policy on criteria for selection of counterparties, and as appropriate when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers.

The Council will use credit criteria in order to select creditworthy counterparties for placing investments with. Credit ratings will be used as

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supplied by Sector Treasury Services, using Fitch ratings, or where counterparty does not have a Fitch rating, the equivalent Moody's rating. Professional advice will be taken from Sector Treasury Services on which institutions present the minimum level of risk to the authority.

The Council is alerted to changes in credit ratings, and other relevant data such as the rating watches, alerts or outlooks through its use of the Sector creditworthiness service. This information is monitored on a daily basis.

The maximum value for any single investment transaction will be £5m.

The maximum level of investment with any counterparty, or group of counterparties will be £10m.

The Chief Financial Officer will have the discretion to 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.

The Council's current lending list and the criteria in place to determine inclusion in the list will be reported as part of the Annual Investment Strategy. This will not limit the Chief Finance Officer's discretion to make changes, so long as all investments are in line with the requirements set out above under specified or non-specified investments.

6. Re-financing

A schedule will be maintained of all long-term loans, including maturity profiles, in order to assist with the consideration of possible rescheduling opportunities that may arise as a result of changes to interest rates.

All rescheduling proposals will be fully costed in terms of costs/benefits to the organisation in the short, medium and long term, and in the context of the latest accounting guidance and regulations.

No refinancing of loans will be undertaken without the express approval of the Chief Finance Officer.

7. Legal and regulatory

All treasury management activities must be carried out within the current legal and regulatory framework.

This includes the following:

- Local Government Act 2003
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

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

As well as the statutory and regulatory documents listed above, other statute and guidance may also be relevant – eg as relating to money laundering (see Schedule to TMP9)

Officers responsible for strategic and operational treasury management decisions are required to keep abreast of new legislation and regulations impacting on the treasury management function, and to apply any changes as necessary.

8. Fraud, error and corruption, and contingency management

All treasury activities must be carried out in strict accordance with the agreed systems and procedures in order to prevent opportunities for fraud, error and corruption.

Scheme of delegation and separation of duties

- (i) The Director of Finance & Support, the Council's Chief Finance Officer (CFO) and Section 151 Officer, has been nominated as the Responsible Officer.

All executive decisions on borrowing, investment or financing have been delegated to the CFO.

- (ii) Finance Manager – Capital & Treasury (FMCT)

The FMCT has been nominated as the Operational Manager and shall be responsible for managing the overall treasury function and ensuring that at all times there is compliance with the Schedules to the Treasury Management Practices (TMPs).

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The FMCT has the authority, together with CFO and other senior officers nominated by the CFO, including the Head of Finance, the Assistant Heads of Finance, and the other Finance Managers, on being satisfied that procedures have been complied with, to authorise the release of monies from the council's bank account, by whatever means appropriate, to repay monies borrowed or to invest short term temporary cash balances.

Neither the FMCT, the Head of Finance, the Assistant Heads of Finance, nor the other Finance Managers are authorised to enter into transactions with brokers for the borrowing or lending of any monies.

- (iii) The Assistant Accountant (AA) working to support the treasury management function in the Capital & Treasury Team is the main point of contact with the money market. In this capacity the AA is empowered to conclude deals with brokers or directly with counterparties for the borrowing and lending of monies on behalf of the Council within the conditions and criteria set out within the Schedules to the TMPs.

The AA may also carry out the administrative functions associated with the daily treasury activity in the absence of the Trainee Accountant (TA) – see below.

The CFO will nominate cover staff from within the Finance Section to cover this function in the absence of the AA.

Neither the AA, nor any person nominated to cover their role, is authorised to effect the final approval of monies to be released, by whatever means, from the Council's bank account.

- (iv) The Trainee Accountant (TA) working to support the treasury management function in the Capital & Treasury Team will be responsible for carrying out back office checks on the treasury activities on a daily basis.

The CFO will nominate cover staff from within the Finance Section to cover this function in the absence of the TA.

The TA will also carry out the administrative functions associated with the daily treasury activity.

A schedule will be maintained by the FMCT of all officers currently nominated for each level of delegation set above.

Cash flow

Cash Flow projections will be prepared as follows:

- For a full year when budgets are being prepared
- Rolling over on a financial year basis.
- For the forthcoming month, on a rolling basis

Comparisons of forecasts to actual figures will be undertaken in order to improve the accuracy of projections.

Dealing procedures

All dealing activities will be carried out in line with the documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Strategy.

The AA will maintain a schedule of procedure notes, and ensure that these are made available to all relevant personnel.

All procedure notes will be reviewed and updated on a regular basis

Emergency and contingency planning arrangements

An on-line back up of all data contained on the Council's IT networks is taken at 7am and 12am each working day. A copy is taken each evening at 6pm, which is stored off site at the Guildhall.

In the event of failure of the electronic banking system, Financial Director, bank balances and other daily information that is normally downloaded first thing in the morning, can be obtained on the same day by means of a text file from the Co-op bank, which can be used to manually update our records.

In the event of the failure of the electronic CHAPS payment system a manual CHAPS form can be completed and submitted by 3.00pm to the bank for processing that day.

A back-up PC with links to the electronic banking system is kept at the Guildhall, and links and procedure notes are tested on a regular basis.

Treasury management spreadsheets relating to daily activity are held on the central finance network drive (J drive) in a protected directory that can only be accessed by staff with specific treasury roles.

There are at least three trained finance staff to cover each process of the day-to-day treasury function.

The FMCT will ensure that there is a procedure note for contingency arrangements, and that this is reviewed and updated on a regular basis.

Insurance cover details

Fidelity guarantee insurance cover is in place as required by law and officials indemnity insurance is also held by the Council.

Market value of investments

Currently the council does not hold any investments that are subject to fluctuations in market value e.g. gilts, CDs and therefore does not have any procedures or limits for controlling exposure to those instruments. If circumstances change procedures must be in place before such instruments are arranged.

TMP 2 BEST VALUE AND PERFORMANCE MEASUREMENT

1. Evaluation of treasury management decisions

Management reporting

Monthly treasury management meetings will be held to review the previous month's treasury activity and to plan for the following month. Attendees at the meeting will be the Assistant Head of Finance (Financial Management and Planning), the Finance Manager (Capital & Treasury), the Assistant Accountant responsible for the operational treasury management, and the Trainee Accountant responsible for treasury administration and the back office function. The minutes and performance data arising from each meeting are reported to the Chief Financial Officer and the Head of Finance to provide regular management information on treasury management operations and performance. The terms of reference for the meeting are:

- 1 To record and review treasury management performance data
- 2 To discuss and agree or recommend actions pertaining to:
 - a) Treasury Management Performance Data
 - b) Investment Issues
 - c) Debt/Borrowing Issues
 - d) Debt Financing Budget
 - e) Treasury Management Strategic Issues
 - f) Treasury Management Processes and Procedures
 - g) Bank Contract
- 3 To report upwards to the Head of Finance and the Chief Financial Officer, by means of:
 - a) Performance Data
 - b) Documented Decisions and Action Points

Performance targets will be set as part of the Finance Service Plan, and these will be reported monthly to management through the Corporate Performance Reporting process. These will be reviewed and set annually, but will include as a minimum targets for the average rate of interest achieved on temporary investments, and parameters for the level of daily bank balances.

Reporting to members

An annual performance report, the Treasury Outturn Report, will be submitted to Cabinet and Council after the end of each financial year. The report to Council will be by 30 September following the financial year end.

2. Testing best value

Banking services will be re-tendered at least once every five years to ensure that the level of service reflects changing practices. During the life of the contract the Council's bankers will be required to be pro-active in drawing attention to new or innovative banking products that will assist with workflow, or which will generate savings for the Council in its banking related costs.

It is the Council's policy to appoint professional treasury management consultants specialising in local authority business, and this contract will be re-tendered at least once every five years.

The Council will use money broking services in order to make deposits or to borrow. A minimum of two money brokers will be used in order to compare the rates offered. For operational purposes three brokers will typically be used, given the number of investment transactions currently undertaken. The standard of service provided is monitored on an ongoing basis.

3. Benchmarking

The Council will complete and submit the annual CIPFA Capital Expenditure and Treasury Management Statistics to enable comparisons of treasury management service costs with other local authorities.

In addition the Council will have membership of the IPF Treasury Benchmarking Club, involving the completion of questionnaires and the attendance at meetings, usually twice a year. This membership is kept under review to ensure that it continues to be useful to the Council.

TMP 3 DECISION-MAKING AND ANALYSIS

1. Funding, borrowing, lending and new instruments/techniques

Records to be kept

Minutes of monthly **treasury management meetings**

For every **counterparty** with which the council has treasury dealings, the following data will be maintained:

- Name and address and local contact if appropriate
- Bank details, name, address, sort code and account number
- Counterparty type and sector (for CIPFA and DCLG returns)
- Borrowing and lending limits
- Maximum investment periods (see Schedule to TMP1 para 5)

For each **broker** the Council has dealings with the following data will be maintained:

- Name and address
- Local contact name
- Telephone and fax numbers
- Commission rates for borrowing

For each **transaction** the following data will be maintained:

- Counterparty
- Transaction type
- Value data
- Repayment date if known
- Initial interest rate
- Broker who arranged the transaction, if appropriate
- NBC reference
- Amount

If the transaction is a variable rate instrument details of interest rate revisions and the final repayment date will be maintained.

For each **long term loan** raised the following information will be entered into the loans register and full records maintained in a long term borrowing file.

- NBC reference
- Counterparty details
- Amount of loan
- Start and maturity dates

- Repayment method and period
- Interest rate and interest payment dates

Processes to be pursued

All treasury management activities will be carried out in line with the documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Strategy.

The AA will maintain a schedule of procedure notes, and ensure that these are made available to all relevant personnel.

All procedure notes will be reviewed and updated on a regular basis.

Issues to be addressed

The Council's Financial Regulations, approved by Council on 19 November 2007, "delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management".

The Council's Section 151 Officer is the Director of Finance and Support, who is also the Council's Chief Finance Officer (CFO).

Day to day decisions have been further delegated to the FMCT and AA.

In respect of every decision made the Chief Finance Officer will:

- Above all be clear about the nature and extent of the risk to which the council may become exposed.
- Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.
- Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping.
- Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded.
- Be content that the terms of any transaction have been fully checked against the market, and have been found to be competitive.

Annex B

In respect of borrowing and other funding decisions, the Chief Finance Officer will:

- Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
- Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.

In respect of investment decisions, the Chief Finance Officer will:

- Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
- Consider the alternative investment products and techniques available, especially the implications of using any which may expose the council to changes in the value of its capital.

Further details on how decision making processes are managed at an operational level, and in the context of the prevention and management of fraud, error and corruption and contingency management are contained in the Schedule to TMP1 – Section 8.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

1. Approved activities of the treasury management operation

These include:

- Borrowing
- Lending
- Debt repayment and rescheduling
- Consideration, approval and use of new financial instruments and treasury management techniques
- Managing the underlying risk associated with the Council's capital financing and surplus funds activities
- Managing cash flow
- Banking activities
- Use of external deposit accounts
- Leasing
- Managing any underlying rate risk associated with the Council's business activities.

2. Approved instruments for investments

In accordance with the Guidance on Local Authority Investments issued under Section 15 (1) (a) of the Local Government Act 2003 the instruments approved for investment by local authorities are sub-divided into specified and non-specified investments.

Specified investments are as follows, and must have a maturity of less than one year (i.e. 364 days or less)

- Gilts
- Treasury Bills
- Term deposits with local authorities and credit rated banks and building societies
- Certificates of deposit with credit rated banks and building societies
- Bonds issued by a financial institution that is guaranteed by the UK Government and multi-lateral development banks as defined in Statutory Instrument 2004 No. 534
- Triple A rated Money Market Funds (MMFs)
- Debt Management Office Deposit Facility
- Reverse Gilt Repos
- Forward deals with credit rated banks and building societies (negotiated deal period plus period of deposit must be less than 364 days)
- Commercial paper
- Gilt funds and other bond funds

Non- specified investments include those listed above with a maturity of one year or longer, together with investments placed with un-rated banks and building societies.

3. Investments methods and techniques

The Council may enter into any type of investment instrument categorised as a specified investment, as listed above. Any type of specified investment that has not habitually been used by the Council – i.e. has not been used within the previous twelve month period, will only be entered into after consultation with the Council’s treasury advisers, and with the express approval of the Chief Finance Officer.

The Council will set a limit each year for the level and type of non-specified investments that may be placed at any one time. This limit will be set in the Annual Investment Strategy and in the Prudential Indicators. The only category of non-specified investments currently used are investments over 364 days. The maximum period of investment will be three years. These investments will only be placed after consultation with Sector, and with the approval of the Finance Manager, Capital & Treasury.

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 the Council’s treasury advisers, Sector Treasury Services, whose list is updated monthly. This list is based upon credit ratings issued by the three main rating agencies, and also taking into account other relevant factors, such as sovereign ratings. 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.

Only counterparties in the Council’s current lending list, using the criteria determined by the Chief Financial Officer as set out at the Schedule to TMP 1 and in the Annual Treasury Strategy will be used.

All dealing activities will be carried out in line with the documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Strategy.

4. Approved instruments for Borrowing

The statutory basis of the local authority’s power to borrow is derived from the Local Government Act 2003. Essentially a local authority may borrow (or invest) for any purpose relevant to its functions, under any enactment or “for the purpose of the prudent management of its financial affairs”.

Local authorities may only borrow in sterling, except with the consent of the treasury. It is generally held that they have no powers to use financial derivatives such as interest rate swaps.

The main source of local authority borrowing is through Public Works Loans Board (PWLB) loans. Other borrowing sources include money market instruments, including low start or stepped interest rate structures, such as LOBOs (Lenders Option, Borrowers Option).

Local authorities may also borrow from each other.

Local authorities are required by the 2003 Act to determine and keep under review limits as to how much money that can afford to borrow. The Council's Authorised Borrowing Limit as set in the Treasury Strategy and its Prudential Indicators must not be exceeded.

Regard must be had to the contents of TMP9 (money laundering).

5. Borrowing methods and techniques

Long-term borrowing

Long-term borrowing may take the form of loans from the Public Works Loans Board (PWLB) or from the market, including LOBO loans.

PWLB loans will be arranged directly with the PWLB, using their standard application procedures. Money market loans will be arranged via a money broker.

Advice from the Council's treasury advisers will be sought before entering into any long-term loan arrangements.

All long term borrowing will require the express approval of the Chief Finance Officer, who should also sign any associated internal or external approval or authorisation documentation. The Chief Finance Officer has the delegated authority to take the most appropriate form of borrowing from approved sources.

Short-term borrowing

The Council may take short-term deposits from other local authorities, arranged via a money broker, to facilitate the management of cash flow, and, under long established arrangements, from a small number of local organisations.

All borrowing activities will be carried out in line with the documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Strategy.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES AND DEALING ARRANGEMENTS

1. Limits to responsibilities/discretion at executive levels

Council

The Council is responsible for receiving and reviewing reports on treasury management policies, practices and activities, including the setting and monitoring of the prudential indicators.

Cabinet

The Cabinet is responsible for the following:

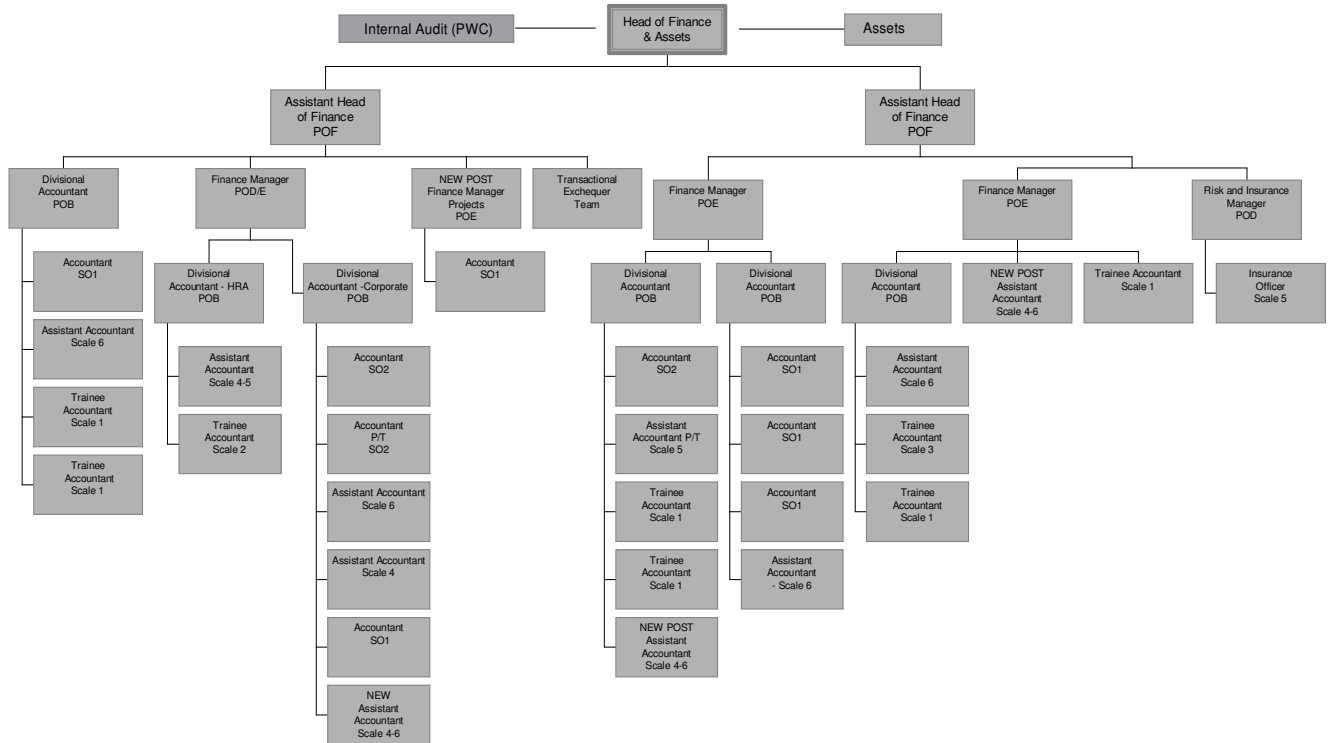
- Approval of/amendments to the Council's adopted clauses, treasury management policy statement and treasury management practices
- Annual strategy/budget consideration and recommendation to Council
- Annual out-turn report consideration and recommendation to Council
- Receiving and reviewing external audit reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment if the total contract value exceeds the OJEU threshold
- Annual setting of prudential indicators consideration and recommendation to Council
- Regular monitoring of prudential indicators consideration and recommendation to Council.

2. Segregation of duties

Segregation of duties is achieved by the allocation of treasury duties to specific posts within the finance structure, and by the authority levels set up on the Financial Director system, used to make electronic CHAPS payments. See the Schedule to TMP1 for a full description of the levels of delegated responsibility and separation of duties designed to restrict opportunities for fraud and corruption.

3. Organisation chart

The proposed finance structure from 1 April 2009 is set out below. The revised structure forms part of the budget options being presented to Council on 26th February 2009, and is subject to approval.



4. Duties and responsibilities

Head of the Paid Service

The Head of Paid Service is the Chief Executive, responsible for the corporate and overall strategic management of the Council as a whole. He has responsibility for establishing a framework for management direction, style and standards, and for monitoring the overall performance of the organisation.

The Chief Executive heads up the Management Board, of which the CFO is a member. Management Board meets on a weekly basis. Treasury Strategy and Treasury Outturn reports feed into the corporate domain via the Management Board.

Monitoring Officer

The Council's Monitoring Officer is the Borough Solicitor. The Monitoring Officer is responsible for promoting and maintaining high standards of

conduct by both members and officers and therefore provides support to the Standards Committee. He is also responsible for the reporting of any actual or potential breaches of the law or maladministration to the full Council and/or Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

The Monitoring Officer, in conjunction with the Chief Executive and Section 151 Officer, has responsibility for advising Cabinet or the full Council on whether a decision is likely to be contrary to or not wholly in accordance with the Council's budget and policy framework.

The responsibilities of this post will include-

- Ensuring compliance by the Chief Finance Officer with the treasury management policy statement and treasury management practices and that they comply with the law
- Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice
- Giving advice to the Chief Finance Officer when advice is sought.

Chief Finance Officer

The Director of Finance and Support is the Council's Chief Financial Officer and the officer designated for the purposes of section 151 of the Local Government Act 1972 as the Responsible Officer for treasury management at Northampton Borough Council.

This post, as defined in Article 13 of the Constitution, has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Local Government Act 1972 (Section 151)
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Act 2003
- Accounts and Audit Regulations 2003

These statutory duties are set out in more detail in the Council's Financial Regulations approved by Council on 19 November 2007,

The Council's Financial Regulations "delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management".

The detailed responsibilities are:

- Ensuring that the schedules to the Treasury Management Practices (TMPs) are fully reviewed and updated annually and to monitor compliance to the Code of Practice on Treasury Management.
- Ensuring that the annual Treasury Strategy Report and the annual Treasury Outturn Report are submitted to Council via Cabinet (See Schedule to TMP6)
- Reviewing the performance of the treasury management function and promoting best value.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommend or approving the appointment of external service providers (e.g. treasury advisors) in line with the approval limits set out in the Council's procurement rules.

The CFO has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments. These powers have been delegated to officers as set out below.

The CFO and the Council's Monitoring Officer will ensure that the policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible in accordance with their statutory duties.

Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Chief Finance Officer to be satisfied, by reference to the Monitoring Officer, the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

It is the responsibility of the CFO to ensure the treasury function complies with the requirements of the Non Investments Products Code (formerly known as the London Code of Conduct) for principals and broking firms in the wholesale markets.

Head of Finance/Assistant Head of Finance

These posts have line management responsibility through the structure of the department. As such they may carry out delegated tasks as instructed by the CFO. This may include delegated Section 151 responsibilities in her absence. They also have managerial responsibility for the tasks carried out by the operational manager and the other operational staff.

Operational Manager

The Finance Manager – Capital and Treasury (FMCT) will operate as the Operational Manager and shall be responsible for:

- Implementing and ensuring compliance with the policies and procedures as set out in the TMPs and schedules.
- Managing, on behalf of the CFO, the overall treasury management function ensuring that there is, at all times, an appropriate division of duties within the treasury team.
- Ensuring that the debt-financing budget is monitored within the annual budget monitoring process.
- Providing such reporting information, as determined by CFO, to enable her to fulfil her obligations as the Responsible Officer
- Ensuring that sufficient information is available at all times to satisfy the needs of internal and external audit requirements.
- Supervising treasury management staff
- Ensuring that staff in the treasury management team receive such training as is required for them to undertake their respective functions.

Assistant Accountant (AA)

The Assistant Accountant (AA) will operate as the Treasury Manager and be responsible for:

- The arrangement and execution of all transactions
- Adherence to the policies and practices on a day to day basis
- Maintaining relationships with third parties and external service providers on a day to day basis
- Ensuring that all loans received and investments repaid have been received into the Council's bank account on a day-to-day basis and for certifying such by initialling the appropriate sections of the agreed documentation. .
- Entering, arranging approvals and sending all CHAPS payments via Financial Director
- Raising the payment documentation for all loan repayments, interest instalments and investments and ensuring that all loans are

repaid on the due date and that interest payments are made on the appropriate date.

- Monitoring performance on a day to day basis
- Submitting management information reports to the Operational Manager and the Chief Finance Officer
- Keeping the Operational Manager informed of all matters relating to her responsibilities
- Identifying opportunities for improved practices
- Act as an early warning system should it appear that timely action is required by the Council to take account of changes in the money markets, which may have been advised by brokers or advisers

Trainee Accountant (TA)

The TA will provide clerical support to the treasury management function. This includes providing the back office function, which contributes to the separation of duties.

The post holder is responsible for:

- Preparation of the necessary documentation (letters, loan receipts etc) from the initial information provided by the TM, and subsequent despatch to the borrower/lender as appropriate.
- Checking that confirmation documentation provided by brokers, lenders and borrowers corresponds to the initial documentation prepared as above, alerting the AA of any inconsistencies and resolving discrepancies where appropriate.
- Entering the necessary information, from the documentation, on to the relevant electronic and hard copy records, ensuring that at all times, the databases are accurate and up-to-date
- Back office checks as set out in the treasury procedure notes
- Completing all relevant journal entries into Agresso
- Preparing weekly and monthly reconciliations and performance data

Internal Audit

The treasury management function will be the subject of an internal audit review each year and full and free access to all records will be given.

This review will include:

- Reviewing compliance with approved policy and procedures
- Reviewing division of duties and operational practices
- Assessing value for money from treasury activities
- Undertaking probity audit of treasury function

5. Cover arrangements and business continuity

An adequate number of nominated officers at an appropriate level are trained and set up to provide cover arrangements. A schedule is maintained of lead and cover responsibilities for dealing, manual and system authorisation, back office checks, and system support. The schedule includes colour coding to demonstrate the segregation of duties to be practiced; this is backed up by system controls. The schedule is reviewed and updated or confirmed each month at the monthly treasury management meeting.

6. Dealing limits

The Chief Finance Officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits.

The counterparty list may be further restricted with the approval of the Chief Finance Officer to limit the exposure of the authority to risk in times of economic or market uncertainty.

Treasury management staff will add or delete counterparties to or from the approved counterparty list in line with the policy on criteria for selection of counterparties, and as appropriate when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers.

The Council will use credit criteria in order to select creditworthy counterparties for placing investments with. Credit ratings will be used as supplied by Sector Treasury Services. Professional advice will be taken from Sector Treasury Services on which institutions present the minimum level of risk to the authority.

The maximum value for any single investment transaction will be £5m.

The maximum level of investment with any counterparty, or group of counterparties will be £10m.

The Chief Financial Officer will have the discretion to 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 afterwards.

The Council's current lending list and the criteria in place to determine inclusion in the list will be reported as part of the Annual Investment Strategy. This will not limit the Chief Finance Officer's discretion to make changes, so long as all investments are in line with the requirements set out above under specified or non-specified investments.

7. Approved brokers

The Council currently uses the following money brokers

- ICAP Europe Ltd
- Tullett Prebon (Europe) Ltd
- Tradition (UK) Ltd

It is considered good practice to use a minimum of two brokers; three is the number that it is considered by the Council to be operationally suitable given the number of investment transactions typically undertaken. The standard of service provided is monitored on an ongoing basis.

There is no direct charge to the Council for using money brokers; their fees are met through commission received from the counterparty to the investment.

8. Policy on the taping of conversations

All external treasury management calls related to the dealing process are tape-recorded.

9. Direct dealing practices

Direct dealing arrangements have been set up with a limited number of counterparties, and this is used as an additional tool to achieve further spreading of counterparty risk, to aid flexibility and to improve on interest rates offered.

Direct dealing arrangements are only set up with authorised counterparties. Prior to new arrangements being set up the counterparty is supplied with a list of officers authorised to deal on behalf of the Council and a copy of the Council's standard bank settlement instructions.

10. Settlement transmission procedures

Settlement transmission procedures are set out in the treasury management procedure notes.

11. Documentation requirements

Documentation requirements are set out in the Schedule to TMP3, above, and the treasury management procedure notes.

12. Management of third party funds

Under long established arrangements the Council takes short-term deposits, treated as temporary borrowing, from a small number of local organisations.

Formal agreements have been drafted for the management of these funds. Negotiations are under way, and it is anticipated that the legal agreements will be in place from 1st April 2009. Interest review dates will be quarterly, and the interest rates will be set at the Council's average rate for approved investments for the previous quarter, less 0.5% to cover administrative costs.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

1. Council and Cabinet Reports

In accordance with the 2001 CIPFA Code of Practice on Treasury Management the Council will receive, via Cabinet, the following reports:

Before the commencement of the year – an annual **Treasury Management Strategy Report**, incorporating:

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

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit as required by the Local Government Act 2003.

(ii) The Investments Strategy for the coming year as required by the DCLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

The report will deal with the raising of capital finance, investment of surplus monies and managing cash flow externally and between the Council's funds as appropriate. It will also include a review of the council's approved clauses and TMPs (if applicable).

The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates.

The Strategy Report will include the following elements:

Capital Financing and Borrowing Strategy

- Capital Financing
- Existing Borrowing
- New Borrowing
- Minimum Revenue Provision
- Borrowing Requirement
- Debt Rescheduling
- Long Term Interest Rates for Borrowing
- Sensitivity of Forecasts
- Borrowing Strategy

- Prudential Indicators
- Affordable Borrowing Limit
- Temporary Borrowing
- Overdraft Facilities

Investment Strategy

- Current Investment Portfolio
- Specified/ Non specified Investments
- The investment strategy;
- Liquidity of Investments
- Counterparties
- Bank Base Rate
- Short Term Interest Rates for Investments
- Sensitivity of Forecasts
- Prudential Indicators

Other

- The proposed Debt Financing Budget for the coming three years
- Demonstration of adherence to the Council's policy on reserves and balances
- Compliance with the requirement under the Local Government Act 2003 to produce a balanced budget

Should it prove necessary to amend the prudential indicators during the year Council must approve the changes via a recommendation from Cabinet.

By 30 September following the year end – an annual **Treasury Outturn Report** on the overall operation of the treasury management function demonstrating compliance with the agreed policies/practices and responsibilities under the Local Government Act 2003

The report will include a comprehensive picture for the financial year of all treasury policies, plans, activities and results, together with performance monitoring information and analysis.

Monthly **Debt Financing Budget Monitoring** information will be prepared and presented to Cabinet as part of the Council's overall revenue budget monitoring cycle

2. Reports to the Chief Finance Officer

The following performance reports will be submitted to CFO on a monthly basis via the monthly treasury management meetings.

Annex B

- Actual cash flow against projected cash flow for previous month and cash flow projections for the next 8 weeks.
- Details of all outstanding loans, including name of lender, amount, period and interest rates.
- Details of all outstanding investments including name of borrower, amount, period and interest rates
- Variations on actual daily bank balances against targets
- Average monthly rates achieved on temporary investments, with base rate and average 7–day LIBID and LIBOR rates as comparators.
- Details of any variations (if any) from agreed policies/practices

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

1. Budgeting arrangements

The FMCT will prepare a three-year medium term financial plan, including prudential indicators for treasury management, which will incorporate the debt financing and debt management budget for the forthcoming year and provisional estimates for the following three years. The debt financing and debt management budgets will be included in the annual revenue budget taken to Council for approval each year. The prudential indicators will be taken as a separate report to the same budget setting Council meeting.

The proposed debt financing and debt management budget for the forthcoming three year period will also be attached as an annex to the annual Treasury Strategy report, which will also be taken to the same budget setting Council meeting.

The budget and the prudential indicators will be monitored at regular intervals throughout the year as part of the Council's overall budget monitoring arrangements and significant variances reported at an early stage. Any revisions to the prudential indicators will require Council approval.

2. Accounting practices and standards

All current accounting standards, regulations, practices and guidance pertaining to budgeting and accounting will be followed. This will include the CIPFA Accounting Statement of Recommended Practice (SORP) and Best Value Accounting Code of Practice (BVACOP), as well as the treasury management specific documents referred to at the Schedule to TMP 1.

3. Information requirements of external auditors

Year-end figures and working papers on the Council's debt and investment will be provided as required for the Council's annual Statement of Accounts in line with the requirements of the latest CIPFA SORP (Statement of Recommended Practice).

The working papers provided will be of sufficient quality to include all relevant supporting information reasonably required by the external auditors, set out in a clear and logical manner and providing a clear audit trail.

Any other information or supporting documents reasonably requested by the council's external auditors will be provided in a timely manner.

TMP 8 CASH AND CASH FLOW MANAGEMENT

1. Cashflow forecasts

The Assistant Accountant responsible for day-to-day treasury function will prepare forecasts of daily cashflow as follows:

- Annually as part of the budget process
- For revisions to the agreed budget as necessary
- Reports to the monthly treasury management meetings with the Finance Manager – Capital and Treasury, Assistant Accountant and Trainee Accountant for the coming period
- Updated daily to reflect latest position and forecasts

Types of information to be used for cashflow forecasts include the following:

- Details of all BACS runs
- Details of large cheques drawn
- Details of forthcoming Right-to-Buy and shared Ownership sales
- Annual schedule of RSG and NDR receipt/payments
- Housing Benefits subsidy payments or receipts
- Details of local precepts and levies
- Details of loan interest and principal payable.
- Details of returns of previous investments

The Council will have an overdraft facility with its bankers. This will only be used to cover unforeseen events; usage should be kept to a minimum and generally relates to relatively small balances of below £50k. The use of the overdraft facility should be monitored on a daily basis and reported monthly to senior managers through the performance reporting framework.

2. Bank statement procedures

Electronic bank statement extracts are downloaded daily via the electronic system (Financial Director) in order to calculate the net cash position and to take investment or short term borrowing action as necessary.

Electronic and hard copy bank statements are received and reconciled by the Corporate Finance team. From 1 April 2009, the reconciliation processes will be automated through Agresso.

3. Payment scheduling and agreed terms of trade with creditors

The Council's normal settlement terms are 30 days in accordance with Best Value Performance Indicators (BVPI8). In the current economic climate, and to support local businesses, efforts are being made to make payment to NN postcodes within 10 days.

Payments are made by BACS wherever possible and payment runs are made daily. Other BACS runs are made for salaries/wages and housing benefit payments.

Bank details are request from all new suppliers in order to keep cheque payments to a minimum in order to reduce costs.

4. Procedures for banking of funds

All income coming into the authority needs to be banked promptly. From the 1st April 2009 all payments received into the authority will need to be banked via an E-Return. All individual departments that receive income will be issued paying in books that are specific for their individual area and will submit separate banking returns for cash and cheque payments. E>Returns is a simple and effective tool for processing payments onto the Council's cash /cheque collection system which feeds into Agresso.

Northampton Borough Council is closing its cash offices in a phased closure programme. Kingsthorpe cash office is closing on 27th February 2009, whilst Weston Favell and Guildhall are closing on 31st March. Customers wishing to pay cash can still pay cash but at Payzone and Post Office locations throughout Northampton. There are almost 100 payzone locations in Northampton and 26 Post Offices in Northampton.

TMP 9 MONEY LAUNDERING

1. Wider context

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The substantive criminal law (the Criminal Justice Act 1993, Drug Trafficking Act 1994, Proceeds of Crime 2003 etc) applies to all individuals.

In summary it is an offence to assist anyone suspected of laundering money generated by any serious crime. It is a defence for an individual if they have reported knowing, or suspecting, at the first available opportunity. If a person knows or forms a suspicion in the course of their professional activity that a transaction is related to drugs or terrorism, it is an offence not to report it as soon as reasonably practical. Anyone reporting a suspicion of money laundering is protected against being sued by clients for breach of confidentiality. Disclosure to clients or to anyone else that they are the subject of a report, or that they are under investigation, is an offence. All of these are personal obligations.

2. Procedures for establishing the identity or authenticity of lenders

The Council does not accept loans from individuals. All long-term loans are obtained from the PWLB, or from authorised institutions under the Financial Services and Market Act 2000. A register of these institutions is maintained by the Financial Services Authority (FSA) and can be accessed through their website on www.fsa.gov.uk.

The Council may also take short-term deposits from other local authorities, to facilitate the management of cash flow, and, under long established arrangements, from a small number of local organisations.

3. Other NBC arrangements

Any suspicions of money laundering must be reported immediately to the Head of Finance in his role as the Money Laundering Reporting Officer.

TMP 10 STAFF TRAINING AND QUALIFICATIONS

1. Training and qualifications

It is vital to the success of the treasury function that all members of the treasury management team, and all other individuals undertaking treasury roles, are suitably qualified and receive sufficient training to enable them to carry out their functions effectively and to a high standard.

Training can be achieved in a number of ways. Professional qualifications and specific internal and external training courses are evidently important. Work shadowing and on the job training are also valuable training tools and will be undertaken on an ongoing basis as required. In addition general awareness training that comes from reading appropriate publications and electronic communications on a regular basis is essential to keep up to date with the external environment in order to contribute to the successful operation of the treasury management function.

The individual training needs of those involved in the treasury management function at the Council are assessed in the table below. Professional and AAT qualifications are in line with the requirements of the post. The level and nature of other training will be as appropriate to the role.

Treasury Role	CCAB Qualified	AAT Qualified	External Seminars/ Workshops	In-house training	Reading
Chief Finance Officer/ S151 Officer	Yes	N/A	Yes		Yes
Head of Finance	Yes	N/A	Yes		Yes
Assistant Head of Finance	Yes	N/A	Yes		Yes
Finance Manager	Yes	N/A	Yes		Yes
Assistant Accountant responsible for day to day function		Yes	Yes	Yes	Yes
Cover for above		Yes	Yes	Yes	
Trainee Accountant responsible for back office cover and treasury administration		Trainee	Yes	Yes	
Cover for above		Trainee		Yes	
System support				Yes	

2. Statement of Professional Practice (SOPP)

Where the Chief Financial Officer is a member of CIPFA, there is a professional requirement for the post holder to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

Similarly the Chief Financial Officer as a CCAB member and other staff as CCAB or AAT members are required to follow the professional standards and codes of conduct of their own professional bodies.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

Details of existing contracts with service providers are set out in the paragraphs below.

1. Banking services

The current supplier of service is the Co-operative Bank plc. The current contract commenced 1st April 2004 with an initial contract period of three years and an option to extend for a further three years. This option has been exercised and the current contract will expire on 31 March 2010. A full re-tendering exercise will be undertaken during Spring/Summer 2009, with the new banking contract running from 1 April 2010.

The costs of the banking service are provided for in the Council's annual revenue budget. Payments under the contract are due on a combination of monthly and quarterly frequency.

2. Money-broking services

The Council currently uses the following money brokers

- ICAP Europe Ltd
- Tullett Prebon (Europe) Ltd
- Tradition (UK) Ltd

It is considered good practice to use a minimum of two brokers; three is the number that it is considered by the Council to be operationally suitable given the number of investment transactions typically undertaken. The standard of service provided is monitored on an ongoing basis.

There is no direct charge to the Council for using money brokers; their fees are met through commission received from the counterparty to the investment.

3. Treasury Management Advisers services

The current supplier of service is Sector Treasury Services Ltd. The current contract commenced 20 March 2005 with an initial contract period of three years and an option to extend for further years, year on year. The contract has been extended to 19 March 2009.

A new treasury management adviser contract is currently being procured, in line with the Council's procurement rules, to run from 20 March 2009. The outcome of this exercise is not yet determined.

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The costs of the service are provided for in the Council's annual revenue budget. Payments under the contract are based on a fixed fee, payable half yearly in arrears. Additional services are available at rates specified in the contract.

TMP 12 CORPORATE GOVERNANCE

1. Arrangements for corporate governance

The Council produces an Annual Governance Statement in its annual Statement of Accounts. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is responsible for putting into place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council produces an Annual Governance Statement in its annual Statement of Accounts, which explains the corporate governance arrangements that the Council has in place and how it ensures compliance with these arrangements.

The council has adopted and has implemented the key recommendations of the CIPFA's Treasury Management in the Public Services: Code of Practice 2001 and 2006 update. This, together with detailed arrangements contained in the Schedules to TMP 1-11, are considered vital to the achievement of proper corporate governance in treasury management, and the Chief Finance Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Documents subject to Cabinet or Council approval and available to the public on the Council's website include:

- Annual Treasury Strategy Report
- Annual Treasury Outturn Report
- Prudential Indicators Setting Report
- Prudential Indicators Monitoring Reports
- 3 Year Revenue Budget Setting Report
- 3 Year Capital Programme Report
- Annual Statement of Accounts.

Northampton Borough Council Treasury Management Strategy 2009-10

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Introduction and Equalities Statement

Introduction

The Council has adopted the CIPFA Code of Treasury Management and it is a requirement under that Code of Practice to produce an annual Treasury Management Strategy Report, incorporating:

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

- The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
- The Affordable Borrowing Limit as required by the Local Government Act 2003.

(ii) The Investments Strategy for the coming year as required by the DCLG (formerly ODPM) Guidance on Local Government Investments issued in 2004.

The purpose of the Treasury Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

Equalities Statement

An Equalities Impact Assessment has been carried out on the Council's Treasury Strategy for 2009-10, and the associated Treasury Management Practices (TMPs) and the Schedules to the TMPs.

As a result of that assessment, it should be noted that the potential impact of the strategy and associated documents (including Treasury Management Practices (TMPs) and the Schedules to the TMPs) on the different equalities groups must be considered as it is developed and put together each year. This includes the consideration of the potential impact on the different equalities groups of any processes, procedures or outcomes arising from these.

Capital Financing and Borrowing Strategy

1. Capital Financing

The Council's capital programme is financed mainly by sources other than borrowing. These include capital receipts, grants, third party contributions and revenue contributions.

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.

The Council makes use of operating leases to fund some types of expenditure that would otherwise be treated as capital where they offer better value for money. Examples of the types of expenditure that might be suitable are IT equipment and office furniture. The annual costs of operating leases are currently treated as revenue expenditure in the accounts and are not included in the Council's capital programme. This however is set to change with the introduction from 2010-11 of International Financial Reporting Standards. It is likely that all leases will then have to be treated as finance leases; further guidance is awaited on the details of this, and the extent to which the changes will have to be retrospectively applied.

There are two scenarios where borrowing may be used to fund the Council's capital expenditure.

- (i) Supported borrowing – The government may award borrowing approvals in the form of Supported Capital Expenditure (Revenue) (SCE(R)) and provide associated revenue support to meet some of the costs of borrowing (i.e. repayment of principal and interest). This is targeted towards specific service blocks, including education and social services. The nature of district council services means that very little supported borrowing is awarded to this Council, with the exception of some for housing services.
- (ii) Prudential borrowing – The Council has to fund the full costs of borrowing from its own revenue resources. This is sometimes referred to as unsupported borrowing. In a climate of constrained revenue resources this option is most likely to be used for 'spend to save' schemes, where the financing costs of borrowing can be funded from revenue savings.

2. Existing Borrowing

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. The following tables illustrate the debt type and maturity profile of existing borrowing as at 31 January 2009.

Analysis of Outstanding Debt as at 31 January 2009

Type of Loan	Principal £'000	Proportion of Long Term Debt %	Range of Interest	
			From %	To %
Public Works Loan Board	0	0		
Money Market LOBO Loans	24,600	95	4.85	7.03
English Partnerships	1,269	5	9.25	9.25
Total	25,869	100		

Long Term Debt Maturity Profile as at 31 January 2009

Time Frame: within -	Year	Value Maturing £'000	Proportion of Long Term Debt %
0-10 years	2008/09-2017/18	15,801	61
10-20 years	2018/19-2027/28	487	2
20-30 years	2028/29-2037/38	581	2
30-40 years	2038/39-2047/48	0	0
Over 40 years	2048/49 onward	9,000	35
Total		25,869	100

3. New Borrowing

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 anticipated that the no external borrowing will be required to fund the 2009-10 and 2010-11 capital programmes, as the borrowing requirements, net of MRP are not significant across the two years. See Sections 5 and 9 below.

The estimated borrowing requirement of £3.95m (net of MRP) for 2011-12 relates to budgeted prudential borrowing of £5.07m for the HRA programme, where resources are being directed at meeting decent homes targets.

The Council has access to Public Works Loan Board (PWLB) loans for its long term borrowing needs. Loans, including LOBO loans, are also available from major banks via the Money Market and these may be considered when they offer better value 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.

4. Minimum Revenue Provision (MRP)

Prior to 2007-08 the Council was required by statute to provide for the repayment of a minimum amount of 4% of General Fund debt principal each year. This debt repayment is known as the Minimum Revenue Provision (MRP). The Housing Revenue Account is not subject to an MRP charge.

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

In 2007-08 the Council used the transitional measures available to calculate MRP for all capital expenditure prior to 1 April 2008 as if the previous regulations were still in force.

The authority is required, under the new regulations, to prepare an annual statement of their policy on making MRP for submission to Council. The Council's policy statement on MRP for 2009-10 (which also applies to 2008-09) is set out in the following paragraphs:

The Council will implement the new Minimum Revenue Provision (MRP) guidance in 2008-09 and future years, and assess their MRP for 2008-09 and future years in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

MRP relating to the historic debt liability incurred for years up to and including 2007-08 will continue to be charged at the rate of 4% on the reducing balance, in accordance with option 1 of the guidance, the "regulatory method".

The debt liability relating to capital expenditure incurred in 2008-09 and future years will be subject to MRP under option 3, the "asset life method", and will be charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council will generally adopt these periods. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

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The impact of the new regulations is an increase in the minimum revenue provision that has to be made for the early years following expenditure. This will impact on the Council's revenue budgets from 2009-10 onwards, in respect of capital expenditure financed by borrowing from 2008-09 onwards. This impact is because of the nature of the Council's capital expenditure, which tends to be on short life assets such as IT hardware and software rather than long life assets such as buildings or infrastructure.

Applying the policy as set out above, MRP for the next three years is estimated at:

	2009-10 £m	2010-11 £m	2011-12 £m
Repayment of debt principal (MRP)	0.89	1.14	1.12

5. Borrowing Requirement

The Council's long-term borrowing requirement for the next three years is estimated at:

		2009-10 £m	2010-11 £m	2011-12 £m
(i)	New borrowing to cover new capital expenditure	1.38	1.07	5.07
(ii)	Replacement of loans maturing in year	0.00	0.00	0.00
(iii)	Less: debt repayment (see section 4)	(0.89)	(1.14)	(1.12)
	Total new borrowing/ (provision for debt repayment)	0.49	(0.07)	3.95

It is anticipated that the no external borrowing will be required to fund the 2009-10 and 2010-11 capital programmes, as the borrowing requirements, net of MRP are not significant across the two years. See Section 9 below.

6. Debt Rescheduling

As is the current practice, the debt portfolio will be kept under review throughout 2009-10 and beyond; with debt rescheduling opportunities being investigated for potential cash savings and / or discounted cash flow savings or to enhance the balance of the portfolio.

Recent changes to accounting regulations, and to the structure of PWLB rates, mean that rescheduling opportunities are more limited

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than in the past, but decisions will be based on appropriate advice from the Council's treasury advisers.

LOBO loans of £15.6m currently due for repayment in 2014-15 will need to be rescheduled or repaid, in full or part, before 31st March 2010 in order for the 2-5 year prudential indicator limits on the maturity structure of debt not to be breached in 2010-11 or 2011-12. Officers will be looking, during 2009-10, at optimum options to manage this.

Any debt rescheduling will be reported to Cabinet at the meeting following its action.

7. Long Term Interest Rates for Borrowing

Interest rates on PWLB and Money Market loans fluctuate daily according to market conditions, and in accordance with movements on the gilt market.

The table below illustrates the prevailing PWLB rates and forecasts to Quarter 4 (December) 2010. The forecasts are as at 30 January 2009 and are provided by Sector, the Council's treasury advisors.

Long Term Borrowing Rates - PWLB Maturity Loan Interest Rates			
	10 Years	25 Years	50 Years
	%	%	%
2009			
Forecast Quarter 1	3.10	4.00	3.85
Forecast Quarter 2	2.75	3.95	3.80
Forecast Quarter 3	2.55	3.95	3.80
Forecast Quarter 4	2.55	3.95	3.80
2010			
Forecast Quarter 1	2.55	4.00	3.85
Forecast Quarter 2	2.85	4.15	3.90
Forecast Quarter 3	3.25	4.35	4.00
Forecast Quarter 4	3.65	4.45	4.25

Due to the external interest rate environment, the LOBO market is not currently operating in an active fashion, and as a result LOBO rates are not being published at the present time.

8. Sensitivity of Forecasts

In normal times the main sensitivities of the forecast are likely to be the two scenarios below. Officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of view:

- If it were felt that there was a significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be used whilst interest rates were still relatively cheap.
- If it were felt that there was a significant risk of a sharp fall in long and short term rates, due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

The borrowing and investment market is extremely volatile at the present time. However, because of the Council's relatively low debt position and the unlikelihood of having to undertake actual borrowing to fund the 2009-10 and 2010-11 capital programmes, the impact on the Council of changes to interest rate forecasts related to borrowing is not significant in the same way as that of investments – see Section 21 below.

The majority of the Council's long-term debt is in the form of Money Market LOBO (Lenders Option, Borrowers Option) loans. Officers consider that the degree of risk on these loans in the current interest rate environment is low.

9. Borrowing Strategy

It is anticipated that the no external borrowing will be required to fund the 2009-10 and 2010-11 capital programmes, as the borrowing requirements, net of MRP are not significant across the two years.

Officers will consider the use of 'internal borrowing' – i.e. through cash flow management. The Council's treasury advisers, Sector, have advised that "as the next financial year is expected to be a time of historically abnormally low bank rate, this opens up an opportunity for authorities to fundamentally review their strategy of undertaking external borrowing. For those authorities with investments in excess of their borrowing requirement over the next year and access to the cash from maturing investments within the financial year, then consideration should be given to the potential merits of internal borrowing. As long term borrowing rates are expected to be higher than rates on the loss of investment income and look likely to be so for the next couple of years or so, authorities may prefer to avoid all new external borrowing in the next financial year in order to maximise savings in the short term.

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The running down of investments also has benefits of reducing exposure to interest rate and credit risk.”

Should external borrowing be required, the advice of Sector is that there is a range of options available for borrowing strategy for 2009-10. For example, one option is that variable rate borrowing is expected to be cheaper than long-term borrowing and will therefore be attractive throughout the financial year compared to simply taking long term fixed rate borrowing. Rates are expected to be slightly lower at the middle to end of the year than earlier on so it may be advantageous to borrow later in the year.

Advice from Sector will be sought before entering into any long-term loan arrangements.

All long-term borrowing will require the express approval of the Chief Finance Officer, who should also sign any associated internal or external approval or authorisation documentation. The Chief Finance Officer has the delegated authority to take the most appropriate form of borrowing from approved sources.

10. Prudential Indicators

The proposed prudential indicators that relate to the Capital Financing and Borrowing Strategy are set out below. These are the subject of a separate report to Cabinet; full explanations for each of the indicators can be found in Annex A of the Prudential Indicators for Capital Finance 2009-10 to 2011-12.

Proposed **authorised limits for total external debt** gross of investments for the current, forthcoming, and following two financial years:

Authorised limit for external debt				
	2008-09	2009-10	2010-11	2011-12
	Limit £000	Limit £000	Limit £000	Limit £000
Borrowing	41,000	41,000	41,000	41,000
Other long-term liabilities	2,000	2,000	2,000	2,000
TOTAL	43,000	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.

Proposed **operational boundary for total external debt** for the current, forthcoming, and following two financial years:

Operational boundary for external debt				
	2008-09	2009-10	2010-11	2011-12
	Boundary £000	Boundary £000	Boundary £000	Boundary £000
Borrowing	36,000	36,000	36,000	36,000
Other long-term liabilities	2,000	2,000	2,000	2,000
TOTAL	38,000	38,000	38,000	38,000

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

Proposed **prudential limits for the maturity structure of borrowing** for 2009-10:

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%

11. Affordable Borrowing Limit

The Local Government Act 2003 and supporting regulations require the Council to determine and keep under review how much it can afford to borrow. The amount determined is termed the “Affordable Borrowing Limit”. This is equivalent to the authorised limit at Section 10 above.

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Affordable Borrowing Limit			
2008-09 Limit	2009-10 Limit	2010-11 Limit	2011-12 Limit
£000	£000	£000	£000
43,000	43,000	43,000	43,000

Accounting regulations allow local authorities to forward funding for their capital programmes up to a maximum of three years. The affordable borrowing limit figures include a provision for future forward funding should it be advantageous to do so.

Cabinet are asked to recommend to Council that they approve the Affordable Borrowing Limits for 2009-10 to 2011-12.

12. Temporary Borrowing

The Council may occasionally undertake short-term temporary borrowing if this is needed to cover its cash flow position. The maximum amount of temporary borrowing that the Council will borrow from any one counterparty will be £5m.

In addition, under long standing arrangements, the Council manages deposits from two local organisations. Formal agreements are to be set up with these organisations from 1st April 2009. Negotiations are currently under way and it is proposed that these contain the following operational arrangements:

- Interest rates set in line with the average rate of interest achieved by the Council in the preceding period, less 0.5%
- Quarterly review of interest rates
- Withdrawal notice periods of 7 days
- Termination notice of 7 days

13. Overdraft Facilities

The Council has a £1m overdraft facility with its bankers, the Co-operative Bank. Interest on overdrawn balances is charged at 1% above base rate.

The overdraft facility is only used to cover unforeseen events; usage is kept to a minimum and generally relates to relatively small balances of below £50k. The use of the overdraft facility is monitored on a daily basis and reported monthly to senior managers through the performance reporting framework. Performance against target has improved in recent months, and work is ongoing to continue this improvement.

Investment Strategy

14. Current Investment Portfolio

The investment portfolio as at 31 January 2009, including deposit and call accounts, was as follows:

	£m	%
UK banks & building societies with government support	43.6	62
Non-rated UK banks & building societies	6.0	9
Republic of Ireland banks with government guarantee	13.0	19
Republic of Ireland banks without government guarantee	3.0	4
Banks outside the UK/RoI	2.0	3
Other Local Authorities	2.0	3
Total	69.6	100

The portfolio includes investments with counterparties no longer falling within the Council's counterparty criteria. This is as a result of prior investments that have not yet matured. For example, some 364-day investments placed with non-rated banks and building societies prior to 1 April 2008 will mature during February and March 2009. This category also includes a small amount placed with the Council's own bankers, the Co-operative Bank as at 31st January 2009.

15. Specified/Non specified Investments

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

The DCLG 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.

The detailed conditions attached to each of these categories are set out in the TMPs at Annex B.

16. Investment Strategy

Specified Investments - The majority of the Council's investments in 2009-10 will fall into the category of 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.

Further counterparty limits will be put in place to minimise risk to the authority (see 17 below)

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

The officer recommendation for 2009-10 is that long-term investments (those for periods exceeding 364 days) could prudently be used where interest rates are favourable and funds are not required for short-term cashflow management.

The maximum amount that the Council will hold at any time during the year as long-term investments is £10m. This is around 15% of the forecast average level of total investments in 2009-10, which is around £66m. This could be undertaken without having an adverse effect on the required liquidity of cashflow.

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

Only counterparties in the Council's current approved counterparty list that have limits of over 364 days will be used for such investments.

17. Counterparties

Policies for the management of counterparty and credit risk are set out at Section 5 of the Schedule to TMP 1, attached to the accompanying Cabinet report at Annex B.

The Council's approach to counterparties for 2009-10 is set out below:

The Chief Finance Officer (CFO) will use the recommendations of the Sector creditworthiness service to determine suitable counterparties and the maximum period of investment, using the colour ratings assigned by Sector.

The CFO will determine the maximum investment amount to be held with each type of counterparty assigned a colour rating by Sector.

In the context of the current economic and banking climate, the CFO will put in place further temporary restrictions as to the counterparties to be used for new investments.

Until such time as the CFO deems the stability of the banking sector to be sufficiently recovered, only counterparties meeting the following criteria will be used:

	Either:	
(1)	<p>Having sovereign (country) ratings of AAA, and</p> <p>Rated by Sector as being suitable for maximum investment periods of 364 days or more, and</p> <p>Not being under a negative rating watch, alert or outlook.</p>	<p>Limits in force at the start of the year will be £10m and 90 days with UK counterparties, £5m and 90 days with overseas counterparties.</p>
	Or:	
(2)	<p>Being UK banks or building societies supported by the UK banking system support package, or acting under government ownership, and</p> <p>Assigned a colour rating by Sector.</p>	<p>Limits in force at the start of the year will be £10m and 90 days.</p>

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As at 1 February 2009 the following counterparties meet the criteria set out above:

Counterparty	Country
Bank of Montreal	Canada
Bank of Nova Scotia	Canada
Nordea Bank Finland plc	Finland
Credit Industriel et Commercial	France
Landwirtschaftliche Rentenbank	Germany
Bank Nederlandse Gemeenten	Netherlands
Rabobank International	Netherlands
DBS Bank Ltd	Singapore
Overseas Banking Corporation	Singapore
United Overseas Bank	Singapore
Banco Popular Espanol	Spain
Confederacion Espanola de Cajas de Ahorras	Spain
Nordea Bank AB	Sweden
Svenska Handelsbanken AB	Sweden
Abbey National plc	UK
Abbey Treasury Services plc	UK
Barclays Bank plc *	UK
Cater Allen (part of Abbey Group)	UK
HBOS Treasury Services plc	UK
HSBC Bank plc *	UK
Lloyds TSB Bank plc *	UK
Nationwide Building Society *	UK
Standard Chartered Bank	UK
Sumitomo Mitsui Banking Corporation Europe Ltd	UK
Bank of New York Mellon	US

* Covered by UK government support package, but not meeting criteria at (1) above

It should be noted that the inclusion of counterparties in the list does not necessarily mean that they will be in the market for investment deals at any one point in time.

For the purposes of setting limits, institutions within the same banking group (eg Lloyds Banking Group) will be treated as one counterparty.

Investments may also be placed with other local authorities and with the Government Debt Management Office (DMO). The limits will be £10m, for periods of up to 364 days.

Deposits may be placed with the Council's own bankers, the Co-operative Bank plc. These will generally be for small amounts of up to £100k. However amounts of up to £5m may be placed for periods of up to a week for operational purposes should the need arise.

The Chief Financial Officer will have the discretion during the financial year to lift or increase the restrictions on the counterparty list and/or to adjust the associated lending limits on values and periods should it become necessary to enable the effective management of risk in relation to investments.

18. Liquidity of Investments

Most short-term investments are held for cashflow management purposes and officers will ensure that sufficient levels of short-term investments and cash are available for the discharge of the Council's liabilities. Investment periods range from overnight to 364 days as specified investments or longer as a non-specified investment.

The average period of each new investment in the current financial year, as at 31 January 2009 is 103 days. When deciding the length of each investment, regard is had to both cashflow needs and prevailing interest rates.

For short term and overnight investment the Council makes full use of appropriate bank and building society call and deposit accounts offering competitive rates and in most instances instant access to funds.

As referred to in Section 16 above, it is recommended that a maximum total of £10m be invested for periods exceeding 364 days (if interest rates are favourable) and in accordance with counterparty limits. The balance of funds will be held as short-term investments (under 365 days).

19. Bank Base Rates

The current interest rate view of Council's treasury advisors, Sector, is that bank base rate will fall from current levels because of the intensifying global recession.

The bank base rate started on a downward trend in December 2007 from the high of 5.75%, with a cut to 5.5%, and further cuts in 2008 of 0.25% in February and April, 0.5% in October, 1.5% in November and 1% in December.

Starting 2009 at 2.00%, the rate then dropped to 1.5% in January 2009 and again to 1% in February 2009, and is forecast to fall further to 0.50% by the end of Q1 2009. It is then expected to remain there until starting to rise gently up from Q2 2010 until it reaches 4.0% in Q1 2012. There is downside risk to these forecasts if the recession proves to be deeper and more prolonged than currently expected.

Annex C

The table below shows Sector's forecast bank base rates for 2009 to 2011:

Base Rate	2009 Forecast	2010 Forecast	2011 Forecast
Quarter 1	0.50%	0.50%	1.75%
Quarter 2	0.50%	0.75%	2.50%
Quarter 3	0.50%	1.00%	3.25%
Quarter 4	0.50%	1.25%	3.75%

20. Short Term Interest Rates for Investments

Short-term interest rates for investments tend to be linked to the bank base rate levels, and in the current economic climate these are abnormally low.

Sector has advised that the Council should budget for an investment return of 1.50% on investments placed during 2009/10, and that locking into longer term deals should be avoided while investment rates are down at historically low levels.

The rate of return used to build the debt-financing budget for 2008-09 was 5%, and the average rate of return to 31 December 2008 was 5.27%. The reduction in rates over previous years has had a significant impact on the forecast of income from investments in 2009-10; at an average balance of £66m, the difference is around £2.3m. As some of the cash being invested relates to HRA balances, a proportion of the impact is passed on to the HRA and offset against the HRA subsidy calculations; the remaining balance has a direct hit on the general fund budget.

The impacts of the interest rate reductions have been included in the 2009-10 debt-financing budget included in the Council's Revenue Budget 2009-10 to 2011-12 report.

21. Sensitivity of Forecasts

The amount that can be earned on interest on investments is sensitive to changes in the prevailing interest rates. This is particularly marked in the current economic climate. Although officers have budgeted prudently, rates are currently so volatile that they may move in any direction, although the negative risk is that they drop further than currently forecast.

Officers, in conjunction with the Council's treasury advisors, will continually monitor both the prevailing interest rates and market forecasts, taking corrective action as required.

Annex C

Any impact on the debt-financing budget of changes in forecast returns will be reported to Cabinet as part of the monthly revenue budget monitoring reporting.

22. Prudential Indicators

The proposed prudential indicators that relate to the Investment Strategy are set out below. These are the subject of a separate report to Cabinet; full explanations for each of the indicators can be found in Annex A of the Prudential Indicators for Capital Finance 2009-10 to 2011-12.

Proposed **upper limits on fixed interest rate exposures** for the current, forthcoming, and following two financial years are:

Upper limits on fixed interest rate exposures	
	Upper Limit £000
2008-09	0
2009-10	0
2010-11	0
2011-12	0

Proposed **upper limits on variable interest rate exposures** for the current, forthcoming, and following two financial years are:

Upper limits on variable interest rate exposures	
	Upper Limit £000
2008-09	38,000
2009-10	38,000
2010-11	38,000
2011-12	38,000

Annex C

Proposed **upper limits on investments for periods longer than 364 days** for the current, forthcoming, and following two financial years are:

Upper limit on investments for periods longer than 364 days	
	Upper Limit £000
2008-09	6,000
2009-10	10,000
2010-11	10,000
2011-12	10,000

DEBT FINANCING & DEBT MANAGEMENT

	Budget 2008-09 £	Budget 2009-10 £	Budget 2010-11 £	Budget 2011-12 £
Debt Financing & Interest				
<u>INTEREST PAYABLE</u>				
Interest on Long Term Debt				
Existing Borrowing	1,377,930	1,377,930	1,377,930	1,381,705
New Borrowing	154,125	211,500	227,900	273,900
Commission for New Towns - Annual Annuity	130,500	130,500	130,500	130,500
Total Interest on Long Term Debt	1,662,555	1,719,930	1,736,330	1,786,105
Other Interest Payable				
Interest on Temporary Borrowing	10,000	3,900	2,500	3,400
Other Misc Interest		7,700	6,700	7,400
Total Other Interest	10,000	11,600	9,200	10,800
TOTAL INTEREST PAYABLE	1,672,555	1,731,530	1,745,530	1,796,905
<u>INTEREST RECEIVABLE</u>				
Interest on Investments	(2,903,441)	(1,320,000)	(825,000)	(1,155,000)
Other Misc Interest	(10,000)	(7,700)	(7,700)	(7,700)
TOTAL INTEREST RECEIVABLE	(2,913,441)	(1,327,700)	(832,700)	(1,162,700)
NET INTEREST PAYABLE/RECEIVABLE	(1,240,886)	403,830	912,830	634,205
<u>OTHER ADJUSTMENTS</u>				
<u>Recharges to/from HRA</u>				
Interest on Cash Balances	428,127	204,120	136,270	84,830
HRA Mortgage Interest	10,000	4,500	4,500	4,500
Premia on Rescheduling	(315,144)	(315,144)	(315,144)	(315,144)
HRA Interest (Negative CFR)	408,758	139,000	86,900	53,700
Total Recharges to/from HRA	531,741	32,476	(87,474)	(172,114)
<u>Repayment of Debt</u>				
Minimum Revenue Provision	536,528	894,550	1,136,081	1,119,931
Voluntary Repayment MRP adjustment	3,238			
Payment of HRA Premia to Balance Sheet	315,144	315,144	315,144	315,144
Total Repayment of Debt	854,910	1,209,694	1,451,225	1,435,075
Earmarked Reserves		(563,465)	(857,046)	(760,556)
TOTAL OTHER ADJUSTMENTS	1,386,651	678,705	506,705	502,405
Total Debt Financing & Interest	145,765	1,082,535	1,419,535	1,136,610
<u>Debt Management</u>				
Professional Services	11,600	12,180	12,789	13,428
Bank Charges	100,000	100,000	100,000	100,000
Total Debt Management	111,600	112,180	112,789	113,428
TOTAL DEBT FINANCING & DEBT MANAGEMENT	257,365	1,194,715	1,532,324	1,250,038