NORTHAMPTON
BOROUGH COUNCIL

CABINET AGENDA

Wednesday, 20 February 2013

The Jeffrey Room, St. Giles Square, Northampton, NN1 1DE.

6:00 pm

Members of the Cabinet:

Councillor:	David Mackintosh (Leader of the Council)
Councillor:	John Caswell (Deputy Leader)
Councillors:	Alan Bottwood, Tim Hadland, Mary Markham, Brandon Eldred.
Chief Executive	David Kennedy

If you have any enquiries about this agenda please contact democraticservices@northampton.gov.uk or 01604 837722

PORTFOLIOS OF CABINET MEMBERS

CABINET MEMBER	TITLE
Councillor D Mackintosh	Leader
Councillor J Caswell	Deputy Leader Environment
Councillor A Bottwood	Finance
Councillor T Hadland	Regeneration, Enterprise and Planning
Councillor M Markham	Housing
Councillor B Eldred	Community Engagement

SPEAKING AT CABINET MEETINGS

Persons (other than Members) wishing to address Cabinet must register their intention to do so by 12 noon on the day of the meeting and may speak on any item on that meeting's agenda.

Registration can be by:

Telephone: (01604) 837722
(Fax 01604 838729)

In writing: Democratic Services Manager
The Guildhall, St Giles Square, Northampton NN1 1DE
For the attention of the Democratic Services Officer

By e-mail to democraticservices@northampton.gov.uk

Only thirty minutes in total will be allowed for addresses, so that if speakers each take three minutes no more than ten speakers will be heard. Each speaker will be allowed to speak for a maximum of three minutes at each meeting. Speakers will normally be heard in the order in which they registered to speak. However, the Chair of Cabinet may decide to depart from that order in the interest of hearing a greater diversity of views on an item, or hearing views on a greater number of items. The Chair of Cabinet may also decide to allow a greater number of addresses and a greater time slot subject still to the maximum three minutes per address for such addresses for items of special public interest.

Members who wish to address Cabinet shall notify the Chair prior to the commencement of the meeting and may speak on any item on that meeting's agenda. Such addresses will be for a maximum of three minutes unless the Chair exercises discretion to allow longer. The time these addresses take will not count towards the thirty minute period referred to above so as to prejudice any other persons who have registered their wish to speak.

KEY DECISIONS

🔑 denotes the issue is a 'Key' decision:

- Any decision in relation to the Executive function* which results in the Council incurring expenditure which is, or the making of saving which are significant having regard to the Council's budget for the service or function to which the decision relates. For these purpose the minimum financial threshold will be £250,000;
- Where decisions are not likely to involve significant expenditure or savings but nevertheless are likely to be significant in terms of their effects on communities in two or more wards or electoral divisions; and
- For the purpose of interpretation a decision, which is ancillary or incidental to a Key decision, which had been previously taken by or on behalf of the Council shall not of itself be further deemed to be significant for the purpose of the definition.

NORTHAMPTON BOROUGH COUNCIL

CABINET

Your attendance is requested at a meeting to be held:

in The Jeffrey Room, St. Giles Square, Northampton, NN1 1DE.

on Wednesday, 20 February 2013

at 6:00 pm.

D Kennedy
Chief Executive

AGENDA

1. APOLOGIES

2. MINUTES

3. INTENTION TO HOLD PART OF THE MEETING IN PRIVATE

There is no intention to hold part of the meeting in private.

4. DEPUTATIONS/PUBLIC ADDRESSES

5. DECLARATIONS OF INTEREST

6. ISSUES ARISING FROM OVERVIEW AND SCRUTINY COMMITTEES

None

7. CORPORATE PLAN 2012-2015 (2013 UPDATE)

Report of Director of Resources (Copy herewith)

8. CAPITAL PROGRAMME AND CAPITAL STRATEGY 2013-16

Report of Director of Resources (Copy herewith)

9. TREASURY MANAGEMENT STRATEGY 2013-16

Report of Director of Resources (Copy herewith)

10. GENERAL FUND REVENUE BUDGET SETTING 2013-16

Report of Director of Resources (Copy herewith)

11. HRA BUDGET AND RENT SETTING

Report of Director of Resources (Copy herewith)

12. PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2013-16

Report of Director of Resources (Copy herewith)

13. EXCLUSION OF PUBLIC AND PRESS

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

SUPPLEMENTARY AGENDA

Exempted Under Schedule
12A of L.Govt Act 1972
Para No:-

Appendices 1

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Corporate Plan 2012-2015 (2013 Update)

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	20 February 2013
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Resources
Accountable Cabinet Member:	Cllr David Mackintosh
Ward(s)	All

1. Purpose

1.1 To approve the Council's Corporate Plan 2012-2015 (2013 Update) and to recommend the adoption of to Full Council

2. Recommendations

2.1 Cabinet is recommended to:

a) Recommend the refresh of the Corporate Plan to Full Council (Appendix 1) – text version only;

b) Delegate to the Chief Executive, in consultation with the Leader, the authority to amend if necessary, the:

i) Corporate Plan for presenting to Full Council 25 February in line with the budget decisions, service plans and any other consequent changes

ii) Associated set of corporate measures to underpin the Plan by 31 March to be developed alongside the service planning process.

3. Issues and Choices

3.1 Report Background

3.1.1 The Corporate Plan for 2012/15 was adopted by the Council in February 2012. This document was a three-year plan which was subject to annual reviews. The focus of the 2013 update was to celebrate success so far and to acknowledge issues. This update consisted of a “light-touch” review.

3.1.2 The Corporate Plan priorities were developed in consultation with local residents, stakeholders (including the community and voluntary sector and the business community) and staff during 2010/11.

3.1.3 The Council key priorities were reviewed during the 2011/12 and 2012/13 budget and business planning processes. The Corporate Plan 20012-15 priorities were further informed by the priorities detailed within the Conservative Manifesto mandated through the 2011 May Elections. Draft budget proposals were developed to take into account these priorities.

3.1.4 Consultation on draft budget proposals for 2013/14 commenced in December 2012 and continued until the end of January 2013.

3.1.5 Consultation feedback was used to clarify priorities, understand the impacts of draft budget proposals and inform spending/saving options to be reflected in our future plans and budget.

3.1.6 The development of the Corporate Plan has been informed by the consultation feedback and the Plan is presented for Cabinet endorsement.

3.1.7 The Plan will need to be reviewed and amended following Council decisions on the annual budget on the 25 February 2013. It is recommended that delegated authority to review the plan be given to the Chief Executive, in consultation with the Leader.

3.1.8 To support monitoring and delivery of the Council’s Corporate Plan priorities, a number of key corporate measures will underpin the Plan. Corporate measures against each priority and the outcomes are currently in development. Detailed targets and measures to deliver the agreed priority outcomes cannot be completed until the next phase of service planning has been completed and budget decisions concluded. It is recommended that delegated authority to finalise the set of corporate measures be given to the Chief Executive, in consultation with the Leader.

3.2 Issues

3.2.1 Cabinet are asked to consider the content of the Corporate Plan in terms of ensuring it reflects the priorities highlighted through the consultation and sets out activities and outcomes that NBC can afford and has sufficient capacity to deliver.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The Corporate Plan 2012-2015 (2013 update) confirms the Council's corporate priorities for the next two years with an annual refresh. For each priority outcome a number of actions and projects have been detailed, which once adopted will be a commitment to delivery.

4.1.2 The corporate priorities detailed in the Plan form the framework for the Council's Service Planning process. Delivering the commitments in the Corporate Plan may require the review of some policies.

4.2 Resources and Risk

4.2.1 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. The service area Service Plans will underpin the delivery of the Corporate Plan priorities. All objectives, measures and actions within the Service Plans are risked accessed and challenged before final approval. The challenge process includes the agreement of targets and the capacity/ability to deliver the plans with appropriate resource set aside to do so.

4.2.2 The key risk with delivering the Corporate Plan is the inability to meet the 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 commit to activities and outcomes that NBC cannot afford or has insufficient capacity to deliver.

4.2.3 The transition arising out of LGSS arrangements will need to be factored in to ensure seamless delivery.

4.3 Legal

4.3.1 None.

4.4 Equality

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

4.4.2 A full EIA on the corporate planning process in terms of content and the consultation approach has been undertaken. No unintended adverse impacts have been identified so far. All our plans will need to be monitored in line with the public sector duties arising out of the Equality Act 2010.

4.5 Consultees (Internal and External)

4.5.1 Management Board, Directors, Heads of Service and Cabinet have been consulted on the 2013 review of the Corporate Plan.

4.5.2 Partners and all other stakeholders were consulted upon priorities during 2011/12 and 2012/13 as part of the wider consultation on the budgetary challenge, in line with the Consultation Toolkit recommended consultation period. A communication package was developed to support the consultation process with the Communications Team to ensure publicity, awareness and wide community participation. Consultation included on-line and paper surveys and public meeting including community forums and residents.

4.6 How the Proposals deliver Priority Outcomes

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

4.7 Other Implications

None

5. Background Papers

5.1 Appendix 1 – Corporate Plan 2012-2015 (2013 Update)
5.2 Appendix 2- Corporate Plan Equality Impact Assessment

Catherine Wilson
Head of Business Change
0300 330 7000

Appendix 1

Northampton Borough Council

Corporate Plan 2012-2015 (2013 update)

Putting Northampton back on track

Final Draft
February 2013

Welcome to the 2013 update of Northampton Borough Council's Corporate Plan 2012-15. This plan sets out our priorities, explains what we want to achieve over the next two years and highlights the progress we have made as we put Northampton back on track.

We are working hard in a difficult and uncertain economic climate where local authorities have a responsibility to make sure we protect our town's most vulnerable residents, support our business community and continue to attract growth and investment.

Under the Northampton Alive banner we have brought together many exciting projects that are transforming our town.

This year we have seen commitment to invest millions of pounds into Northampton. More than that, we have seen work start on a number of key sites including the new bus interchange, an expansion of Carlsberg's UK headquarters, new railway station, new halls of residence for our University as well as plans for a 104-bed hotel and restaurant provided by Premier Inn.

There is a growing confidence in Northampton. The Waterside Enterprise Zone has helped put us on the map and people are taking notice of what we are doing and that our town is a place to do business and new investment is welcomed. Employers know they can create new jobs and employ innovative, creative and hardworking local people.

And, we will be seeing more news about Northampton Alive later in the year.

In the current climate we must also look how we are doing things, delivering value for money and protecting frontline services. In 2013 we expect to enter into an agreement with LGSS that will see us share many of our support services. This will create savings we can reinvest into our frontline services, the services our residents rely on.

Our plan will therefore focus on two themes;

'Your Town', recognising the importance that investment and growth in local business and jobs will have on the long term prospects for the town and those people that choose to live and work here.

'You', acknowledging the significant challenges that the current economic climate and future welfare and housing reforms will have on the lives of people impacted by the changes and the importance of the role the Council will have in supporting people through the change.

We have made significant progress over the last year in putting Northampton back on track and will continue to deliver against our commitments.

David Mackintosh
Leader of Northampton Borough Council

Contents

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YOUR TOWN

A town to be proud of

A successful vibrant town centre economy is an essential part of prompting growth and prosperity. Our focus is on regenerating the Town and raising its national profile. The Council recognises it cannot achieve this alone. It is actively working with others to keep the Town clean, safe, attract new investment, visitors and jobs, whilst enhancing the Town's heritage and cultural opportunities.

We recognise that our parks and open spaces and the facilities available within them contribute to our sense of wellbeing. We will work with local communities and groups, benefit from their experience and their contribution to improve our beautiful parks and open spaces across the Town. Having access to a wide variety of cultural, leisure and sport activities and events is also a key part of having a vibrant and successful Town. We will also work with partners to improve access to cultural opportunities such as our Museums, cultural events programme and through our support to the local Theatres.

The establishment of the Northampton Cultural Quarter will provide a driving force for economic and social regeneration of the town. It presents an opportunity to celebrate both the town's rich history and to showcase its unique contemporary offer. Raising the profile of Northampton as a great place to live, visit, work, study and invest, the Northampton Cultural Quarter has the potential to significantly enhance the town's reputation as a first class cultural venue, a place with a diverse and extensive offer, a great atmosphere and a tangible energy.

As well as taking a leading role in the future development and growth of Northampton, the Council must ensure that Council Tax payer's money is spent wisely. The Council will continue to review how it is organised, to ensure it has the right skills and capacity and to identify the most effective methods of delivery. This will reduce our costs in order to prioritise spending to allow us to promote the Town's economic growth, regeneration and protect frontline services.

Our key priorities are:

- ◊ **Priority 1- Northampton - on track**
  A vibrant town
- ◊ **Priority 2 - Invest in safer, cleaner neighbourhoods**
  Creating an attractive, clean and safe environment
- ◊ **Priority 3 - Celebrating our heritage and culture**
- ◊ **Priority 4 - Making every £ go further**
  Provide Value for Money to protect local services

Priority 1 - Northampton - on track

A vibrant town

The long-term outcomes we want to achieve are:

- An economically prosperous, successful and vibrant Town
- The Town is nationally recognised as an economic hub and a place to do business
- Increased numbers of visitors
- Increased job opportunities and an improvement in the quality of jobs available
- A Borough Wide planning policy that will preserve the identity, history and heritage of the Town but that encompasses and enables growth and development of the Borough as a whole;
- Delivery with partners of major town centre regeneration projects, such as the re-development of Grosvenor Greyfriars, a new bus interchange, and the re-design of the railway station
- The Town's history, heritage and culture is promoted and preserved
- An improved vitality and attraction of the St Johns quarter of the Town Centre
- A successfully and nationally renowned Waterside Enterprise Zone, delivering business and employment growth

How we will do this.....

- Deliver the new Enterprise Zone to regenerate the Waterside area of the Town, by developing and introducing:
  - a strategy to dispose of public land
  - a marketing plan to attract new businesses
  - Local Development Orders to simplify the planning application process for new businesses

- Work to focus on reducing factors deterring people from visiting the Town, to stimulate the local economy by;
  - Reviewing the Parking Strategy
  - Conducting a review of parking charges

- Work closely with Northamptonshire County Council and West Northamptonshire Development Corporation to deliver the new bus interchange in 2013/14

- Work collaboratively with the Local Enterprise Partnerships for Northamptonshire and the South East Midlands

- Support partners in the re-development of Northampton's Castle railway station

- Progress plans for Grosvenor Greyfriars Shopping Centre regeneration

- Progress development plans for St Johns, including the building of new student halls of residence

- Work in partnership with Northamptonshire County Council to deliver regeneration projects within the Town Centre

- Identify ways of incorporating the Marina and the waterways into the life of the Town to exploit it to its full potential as a tourist attraction

- Support the independently chaired Market Square body to:
  - oversee any proposed changes following the governance review and direction of the Market Square
  - assess Market Square events and give feedback for the future

How we have progressed in 2012/13:

- Secured Government funding of £10 million towards a £20 million redevelopment of Northampton railway station to create an impressive new gateway to the town and the Enterprise Zone. Other partners, including Network Rail and Northamptonshire County Council, will meet the remainder of the development costs
- Approved plans for a new Innovation Centre which will provide premises for up to 50 small and start-up businesses
- Secured £7m investment for highway and infrastructure improvements from the SEMLEP (South East Midlands Local Enterprise Partnership) Growing Places Fund to unlock the potential of a number of sites across the Enterprise Zone
- Plans announced by the University of Northampton to build a new single-site campus in the Enterprise Zone to capitalise on the links with research and innovation in technology. Construction work has begun on new halls of residence at St John’s, making Northampton a true University town. A capital receipt of £1.362 million was generated following successful agreement for use of the Council’s land
- A £25 million extension of the bottling plant at Carlsberg in the Enterprise Zone, was completed.
- Local Development Orders have been put in place to simplify the planning process saving businesses, looking to relocate or expand within the Enterprise Zone, time and money
- Large areas of land are being prepared for development through joint working by Northampton Borough Council, Northamptonshire County Council, West Northamptonshire Development Corporation and Homes and Communities Agency and other key partners
- Free parking was provided during the Olympic Torch event and the Christmas Lights switch-on to encourage more people into the town centre in addition to other free/reduced parking offers.
- A High Street review has been commissioned looking at parking, the town’s appearance, the shopping experience and what factors influence people in deciding to return to shop in Northampton. The report will help to guide the future development of the town centre
- A study is looking at the infrastructure requirements of the town and how new developments can help has also been commissioned. It will look at what planning powers can be used to fund new or improved infrastructure in Northampton. The report will help the planners and the Council's Planning Committee
- Northampton's historic market awarded a ‘Real Deal’ certificate in recognition of its commitment to safe and fair trading that protects shoppers from fake goods
- Planning Permission was secured for the Bus Interchange and the Council has appointed a contractor. Demolition commenced before Christmas 2012, with a new Bus Interchange expected to be completed and operational by March 2014.
- An outline business case for Project Angel which will see an area south of the town centre converted into prime office space was agreed at Northamptonshire County

Council Cabinet in October 2012. Northampton Borough Council supported County Council officers working on the project.

- Northampton Borough Council has signed up to “Challenge 2016” which aims to create and find jobs for 2,016 of the county’s young people.
- Planning permission secured for a new Arts cinema in the heart of the town centre. It is being constructed in 2013
- Northamptonshire won the accolade of being “The Most Enterprising Place” in the country for helping to generate economic prosperity across the county
- Northampton market traders offered reduced rents until 2014 to help them through the difficult economic times
- A new Christmas Quarter introduced as part of the seasonal celebrations in Northampton so that businesses, charities and community groups have the chance to trade in the town centre.

What we did in 2011/12:

- Successfully gained Enterprise Zone (EZ) status in the Waterside area of the Town. This will help to attract inward investment, new business and create new jobs for Northampton. EZ status provides Northampton with national recognition and allows us to market ourselves on the bigger stage
- The content of the Central Area Action Plan for Town Centre development has been reviewed. Agreement was reached in Spring 2011 to progress submission to examination with adoption later in 2012/13
- Successfully negotiated the return of full development control planning powers back to Northampton Borough Council from West Northamptonshire Development Corporation and provided extra resource to ensure an excellent service
- The review of the Pre-Submission version of the Joint Core Strategy and the representations received has been undertaken. Housing growth targets have been revised downwards to take into account locally derived housing needs and a realistic, pragmatic approach to delivery based on infrastructure capacity. The approved submission version of the Joint Core Strategy will now be submitted to examination in autumn 2012
- Introduced reduced cost car parking when visiting the Town Centre to make it more convenient for local people to make short trips into the Town centre. £1.7m has been invested in improving the Grosvenor/ Greyfriars and Mayorhold car parks. Free Town Centre parking on weekends before Christmas, bank holidays and free Sunday parking for all premier car parks have been introduced. We will continue to review of parking charges focusing on reducing factors deterring people from visiting the Town
- Conducted a review of the operation and future direction of the Market Square and established an independently chaired body to review the governance and direction of the Market Square so that it meets the needs of the whole Town
- Established a Business Improvement District (BID) working to create a vibrant and thriving town centre, focusing on promoting the town centre to shoppers

and visitors, improving signage and in the longer term, improving the night time offer

- Restructure of Regeneration & Development together with Asset Management to provide comprehensive, high quality management of the Council's assets and in support of delivery of its key regeneration priorities

- Secured £1.87m capital receipts and reduced property cost liabilities

- Exceeded investment property income target by £200k

Priority 2 - Invest in safer, cleaner neighbourhoods

Creating an attractive, clean and safe environment

The long-term outcomes we want to achieve are:

- A clean Town with neighbourhoods that are tidy and well maintained
- A place where people want to visit and enjoy our parks and open spaces
- A place where visitors and residents from all communities feel safe, secure and protected with low levels of crime
- Less waste and increased recycling through education and waste reduction schemes

How we will do this.....

- Improve the appearance and cleanliness of our neighbourhoods and open space land across the Town by proactively removing fly-tipping, graffiti and litter and use enforcement, working towards a zero tolerance approach

- Improve standards and facilities within our parks to contribute to the achievement of green Flag status and 'Britain in Bloom' success. We will do this by working in partnership with local groups and Friends Associations, establishing local management committees for our premier parks, the development of local 'park plans', improving public conveniences and ensuring our trees are well maintained. We will also work in partnership with community groups to provide community events in our parks all year round and deliver high quality holiday sports and play programmes for young people

- Review and rationalise the land currently used for allotments seeking new sites, disposal of sites, investment in existing sites and provision in future developments through a review of the Allotment Strategy

- Deliver the Community Safety Strategy action plan to improve safety across the Town, in particular:
    - Work in partnership to deliver a programme of projects throughout the year to tackle local priority issues; alcohol related violent crime, anti-social behaviour and serious acquisitive crime
    - Review the Council's approach to licensing to ensure that it supports the Council's aims of reducing anti-social behaviour and making the Town centre safer

- Improve the mechanisms available for local people to report incidents of Hate Crime and support individuals to feel confident that the Council will act appropriately on the information provided

- Actively work with Northamptonshire Probation Trust and local communities to utilise the Community Payback Scheme
- Reduce waste and increase recycling and focus on fly posting and fly tipping removal and enforcement.

How we have progressed in 2012/13:

- Supported Northampton Community Safety Partnership's "Operation Guardian" event which focused on vehicle crime. Local people's views gathered will be sued to inform the future priorities of the partnership
- Panel set up to look at crime statistics in our town and where crime is highest in Northampton. The information will be used to assist the Police and Crime Commissioner
- Supported the London 2012 Olympics by holding a family fun day and Startrack Athletics event to encourage people to take part in sport
- Promoted and supported "Bands in the Park" events to raise awareness of and encourage use of the local parks
- Introduced the "Night Watch" initiative to identify and improve areas with high numbers of people on the street in the Town Centre late at night
- Completed an independent review looking at the quality of service provided through the Enterprise Managed Service contract. An action plan has been put in place to address issues found
- Northampton gained the Silver award for the City category in the 2012 RHS Britain in Bloom competition
- Northampton has won a Silver Gilt award in the 2012 East Midlands in Bloom competition
- A special event "A Park for All Ages", involving Friends of Abington Park, was held to help shape the future of the Hall, Church, and Park
- Over 100 children from four Northampton schools graduated as junior community wardens in a formal ceremony at the Guildhall.
- A new voluntary agreement has been drawn up between the Professional Fund Raisers Association (PFRA) and the Borough Council so the authority can deal more effectively with face-to-face fundraisers (Chuggers) who intimidate the town's shoppers and visitors
- Additional Park Rangers and Neighbourhood Wardens recruited to further improve the appearance of the Town, and its Parks and Open Spaces
- Enforcement action has been taken against incidents of fly tipping and littering. Between April and October 2012 a total of 52 Fixed Penalty Notices have been served for littering, so far four prosecutions for fly and 12 formal cautions have been for fly tipping incidents

- Local park plans for Abington Park, Delapre Park and the Racecourse have been completed. Similar plans will be developed for more parks by the new park rangers
- Neighbourhood Wardens and Park Rangers have worked together with Community Payback on a number of projects to secure environmental improvements across the town. This includes projects in Abington Park, Spencer and Lings.

What we did in 2011/12:

- Entered into an innovative environmental services contract in partnership with the private sector and Daventry District Council, that will improve the level of cleanliness and maintenance of the Town, as well as saving council taxpayers money
- Significantly reduced the amount of waste sent to landfill and made a step change in our recycling performance
- Established Northampton Borough Council as a recycling exemplar by implementing an extensive recyclate service which provides for the fortnightly collection of green waste and the weekly collection of paper, card and glass
- Further enhanced the weekly recyclate collection service with the addition of kitchen food waste and textiles collections
- Helped Northampton to become greener Town by reinstating fortnightly green waste collections and introducing weekly kitchen food waste collections to increase recycling and reduce the waste going into landfill
- Carried out targeted campaigns to address increasing incidents of fly posting across the town
- Recruited three Park Rangers in 2011-12 to work with local communities, the Police and other agencies to ensure our parks are enjoyable spaces for all
- Worked with Partners to make Northampton safer by delivering a programme of projects throughout the year to address crime and anti-social behaviour and reduce fear of crime
- Adopted a byelaw for Good Rule and Government to tackle low level issues of anti-social behaviour such as people urinating in the street and skateboarders skating in prohibited areas. Council Public Protection Officers, Police officers and Police Community Support Officers have now been authorised to enforce these byelaws and to date, 35 warning letters have been issued
- Won the ‘Gold’ award for the East Midlands ‘Britain in Bloom’ working with community groups, partners and the Town Centre Business Improvement District to improve the appearance of the Town
- Introduced fully accredited Neighbourhood Wardens and reviewed our approach on how we discuss and deliver services within our neighbourhoods.

Priority 3 - Celebrating our heritage and culture

The long-term outcomes we want to achieve are:

- Increased tourism
- Promotion, protection and improvement of our heritage and other attractions
- Delapre Abbey restored and it's future secured
- Delivery of events to celebrate and enjoy the Town's heritage and culture
- Celebration of national events in 2012 through a varied cultural programme

How we will do this.....

- Work to promote tourism to increase the economic prosperity of the Town through the delivery of a varied programme of events
- Continue to support and promote Delapre Abbey and Delapre Park as part of wider heritage strategy and develop the funding bid for Stage 2, to be submitted for consideration by the Heritage Lottery Fund by October 2013
- Reinstate the historic walkways of the Town in emerging town centre regeneration plans
- Seek innovative ways to bringing the Town's cultural museum offer to a wider audience with a broader exhibition programme and to raise the regional profile
- Continue to seek funding opportunities to improve the offer at Abington Museum
- Work constructively with the management of the Royal & Derngate theatres to safeguard the work they undertake and enhance their vital contribution to wider cultural life of Northampton
- Provide continued support to the Arts Collective in their new home
- Hold an annual 3 day music festival at Delapre Park
- Work together across the Council to improve the way we promote museums and events
- Work with others to make the most of the way we promote each other in partnership to consolidate the promotional efforts of all agencies and to achieve the best results for Northampton

How we have progressed in 2012/13:

- A shoe and boot contemporary artwork, "SOLD", was exhibited at the Museum. It was part of the countywide GLOBAL FOOTPRINT project that celebrated Northamptonshire's defining creative economy – its boot and shoe trade.
- A wide range of events and exhibitions have been held in the town, including:
  - Olympic Torch relay event held throughout the Town
  - Jubilee picnic held at Delapre Abbey
  - Olympians from Northampton exhibition
  - Were your ancestors a load of cobblers? which took place during the 2012 Heritage Open Days events and is also part of a countywide initiative to help people explore their family's heritage.

- 28 large sculptures were on display for the Go Safari event at a variety of town centre venues, including Abington Street, All Saints Piazza, the Grosvenor Shopping Centre, Market Walk Shopping Centre and Becket's Park

- Godiva Awakes event, part of cultural Olympiad, was held during July. The 10m high puppet was powered into Northampton by a team of more than 100 cyclists and then fitted with boots custom made by Horace Batten. Developed the “Love Northampton” website to showcase Northampton events and attractions
- Sale of the statue of Sekhemka agreed by Cabinet and the proceeds will be used to fund the museum service and key heritage projects.
- St Crispin’s Fair was back on the streets of Northampton from 28 to 30 October for the first time since 2004 and attracted more than 40,000 visitors
- Traders, charities and community groups have been being offered the chance to take participate in the seasonal celebrations by taking part in the new Christmas Quarter
- A special Frost Fair took place on 2 December to celebrate the opening of the Christmas Quarter
- Freedom of the Borough was awarded to the 9th/12th Royal Lancers Regiment in a ceremony at the Guildhall on Saturday 3 November, to recognize the Lancers important links with Northampton and their vital work overseas and to the Sea Cadets on 23 March in appreciation of the outstanding services working with young people, representing Northampton and bringing prestige to the town through their many successes in winning honours.
- Links with shoe companies have been increased resulting in a greater range of temporary exhibitions and an increased profile for the collection with audiences, institutions and industry
- A significant increase in the number and variety of events, including music and drama, has enabled the museum to reach new audiences
- Successfully bid for £47,000 funding from Arts Council England for the development of the Museum’s nationally designated shoe collection
- Major exhibition by renowned shoe company Jeffery-West opened at Northampton Museum and Art Gallery in November profiling the town to an international audience.
- Promoted the Cultural Quarter by supporting
    - The Northampton Museum and Art gallery
    - NN (the newly located Northampton Arts Collective)
    - The award winning Royal and Derngate Theatres
    - 78 Derngate (the restored Mackintosh designed house)

What we did in 2011/12:

- Successfully bid for £250,000 Stage 1 funding from the Heritage Lottery Fund for Delapre Abbey, re-established the Delapre Trust and allocated funding to support the project
- Secured £60k of external funding, and invested a further £280k to upgrade the Central Northampton Museum and gallery facilities as part of an on-going improvement project to provide a quality facility
- Completed restoration of water gardens at Delapre Abbey and commenced a programme of structural repairs and minor restorations

Designated a Boot and Shoe Conservation Area and Billing Road Conservation Area to protect the Town's buildings and heritage environment

- Worked together with Northamptonshire County Council to provide new premises for the Northampton Arts Collective and entered into a three year funding agreement to provide on-going support
- Continued to work towards achieving national status for the Shoe Collection to improve Northampton's museum offer
- Reinvigorated the museum service through the launch of an exciting new brand and an extensive physical refurbishment to provide improved customer access, a better visitor experience and a higher quality cultural offer.

Priority 4 – Making every £ go further

Provide Value for Money to protect local services

The outcomes we want to achieve are:

- Public money used to maximum benefit
- Cost savings achieved through the use of shared services, outsourcing opportunities and reduction in the use of consultants
- Delivery of value for money services in terms of service delivery and use of energy
- A continued freeze on Council Tax (where possible) and the delivery of a local Council Tax Support Scheme
- A modern diverse workforce

How we will do this…..

- Continue to review Council services to identify the most efficient and effective methods of delivery and identify shared services and outsourcing opportunities to make savings and further improve services
- Continue to reduce the use of consultants to ensure that skills of existing staff are maximised and resources are targeted towards areas most in need
- Further reduce the Council's carbon footprint and energy costs by identifying and implementing energy saving initiatives and purchasing energy wisely. We will also continue to promote sustainable energy initiatives across the wider community
- Continue to freeze Council Tax if possible, alongside creating a local Council Tax Scheme and lobby central Government to get the best for the Council in terms of funding.

How we have progressed in 2012/13:

- Northampton Borough Council has agreed to join the LGSS (Local Government Shared Service) as part of a major change programme to improve efficiency and save money
- Council tax remained frozen for the 2012/13 tax year
- A Business Improvement Team has been established by recruiting in-house Project Managers and Business Analysts. The team manage all corporate projects reducing the need for consultants

- An Eco Marshall Scheme introduced to help look at ways the council can further reduce waste and save energy. The Marshalls will also encourage colleagues to reduce energy use in the workplace and act as council champions on green matters
- A new ICT strategy introduced to support the Council's ambition to provide the best possible public services
- In October 20012 legal services became a shared service between Northampton Borough Council and East Northamptonshire District Council
- Energy efficiency works in Council buildings included installing low energy lighting in two of our car parks

What we did in 2011/12:

- Frozen Councillor allowances for four years
- Delivered a number of shared services including; an innovative joint environmental services contract in partnership with Enterprise Managed Services LTD and Daventry District Council, delivering year on year savings for the 7 years of the contract, saving local taxpayers' money. Implemented a pilot to prepare for a full shared service with East Northamptonshire Council and delivered a chargeable Fraud Service for Daventry District Council
- Introduced a new Social Enterprise by transferring our sports, play and leisure facilities into a Trust, which saves local taxpayers' money and improves the quality and variety of services on offer
- Reduced the number of senior managers and introduced a Consultants Register
- Frozen the rate of Council Tax
- Reduced costs by selling one of our most energy inefficient buildings and remodelled remaining buildings to accommodate our staff. We minimised our energy usage and reduced our carbon footprint by investment in new technology and made improvements to our buildings through draft proofing, loft insulation and other initiatives
- Achieved a ranking of 354 out of more than 1,300 organisations in the UK for the work done to successfully cut our carbon emissions.

YOU

How your Council will support and empower you and your community

In order to have a successful vibrant town, Northampton needs to have the right number and types of homes, across both the private and public sectors, which address the needs of local people. The quality of these homes is also an important factor in determining how people feel about where they live, their sense of pride in their neighbourhoods and the Town overall.

The delivery of new homes has fallen in Northampton over the last few years. With Housing Demand on the Housing Register increasing rapidly, it is vital that we facilitate and co-ordinate the delivery of new affordable homes for our customers. The Housing Strategy team are currently working with RSL partners, the Homes & Communities Agency and Institutional Investors to get new homes built in Northampton.

Being able to stay in your home, when you want to, is also important to personal wellbeing and the Council will support people with advice and guidance to make the right choices for them and support vulnerable people to be able to live independently, when they want to.

Homelessness is increasing due to economic climate. We need to manage the increasing demand, prevent homelessness, where ever possible and support people in housing crisis by working in partnership with other key agencies. The Council is also proactively working to anticipate the impact of emerging central government Social Housing Reform on local people.

The Council recognises the important work undertaken by voluntary and community groups across Northampton and how this work supports the Government's aspirations to build a Big Society, where people can play an active role in their neighbourhoods and communities. We will continue to work with voluntary and community groups to build capacity and encourage wider community management of our Community Centres. We will also continue to develop our approach to neighbourhood management to ensure we provide support to frontline councillors in their community leadership role.

We provide services to ensure that the community has access to a variety of leisure and sport facilities to promote healthy lifestyles and a sense of wellbeing. The Council will continue to improve such facilities and opportunities, by supporting the Northampton Leisure Trust and improving facilities and opportunities to be physically active, across the Town.

Delivering high quality, cost effective services in a way that local people want them is a key focus for the Council. We are committed to delivering excellent customer service, treating our customers fairly and listening to them to develop and improve services and put things right when our standards have not been met.

Our key priorities are:

- ◊ **Priority 5 - Better homes for the future**
  Helping you to have a home
- ◊ **Priority 6 - Creating empowered communities**
- ◊ **Priority 7- Promoting health and well-being**
- ◊ **Priority 8 - Responding to your needs**

Priority 5 - Better homes for the future

Helping you to have a home

The long-term outcomes we want to achieve are:

- People provided with timely advice and information to enable them to make informed choices
- Local housing needs provided for
- The Decent Homes standard met
- Vulnerable people supported with their housing needs
- Future developments informed by the views of all local people

How we will do this.....

- Respond to the emerging Social Housing Reform agenda by reviewing housing policies and writing and implementing the Tenancy Strategy and a Housing Allocations Scheme.
- Understand the impact of Welfare Reform plans on housing provision regarding universal credit payments and new housing occupation rules and review policies to reflect necessary changes
- Consider changes to legislation and look at stock options and how we might best manage the Council's stock in the future in consultation with our tenants.
- Deliver a Decent Homes programme to improve more Council tenanted properties
- Undertake a review of sheltered housing and identify a solution to the changes to sheltered housing
- Develop an Independent Living & Ageing Well Strategy for Older People
- Continue to work with partners to reduce causes of homelessness and support the Homeless Forum, Oasis House and other organisations tackling homelessness and rough sleeping in the Town
- Secure an on-going supply of new homes through planning policy to meet local housing needs

- Introduce a register of Houses in Multiple Occupation (HMO) inspected within Northampton
- Continue to support the work of the Countywide Traveller Unit
- Consult on any changes that may affect local residents' homes or communities on any future developments

How we have progressed in 2012/13:

- The Housing Options Review is well underway. It was set up to identify the most tenant focussed option for the future management and ownership of the Council's 12,000 homes. A new Stock Condition Survey, highlighting what the costs will be for maintaining homes for the next thirty years and a Tenants' Survey, asking for views on tenants' priorities for the future of the service, have been completed. Tenants and housing service employees have been working together to support the review and help develop new service standards and standards for improving homes.
- Northampton Borough Council has secured almost £500,000 to tackle homelessness and rough sleeping after successfully bidding for government funding
- Oasis House, a facility which has revolutionised support and accommodation services for homeless people in Northampton has been opened.
- Northampton Borough Council will receive £49 million of government funding over five years to improve housing stock. The Borough Council has been allocated £14.7 million in 2013/14 and £30million the 2014/15. Added to the £4.5million already received, this means more than £49 million will be invested in the Borough's homes by 2015.
- The council has been awarded £1.9m government funding to help return 105 empty homes back into use between 2012 and 2015
- Submitted a funding second bid to the Department of Health's Warmer Homes Healthy People. If successful advices services to households in fuel poverty can be extended
- Greenfield Avenue Garage site to be disposed to a Registered Social Landlord partner to develop 6 affordable family sized homes
- Working with private institutional investors to look at different ways the new supply of affordable and private rented accommodation can be delivered in the Borough
- Revised the Gypsy & Traveller Accommodation Assessment (GTAA) to help understand the housing needs for Gypsy & Traveller communities. This will help which will help the joint strategy
- Delivered 69 new affordable homes by October against a target of 150 for the year
- Approved plans to develop a Local Lettings Agency to help increase and improve standards in the private rented sector

- Submitted a bid to the Renewable Heat Premium Payment fund initiative to replace heating systems in 19 of the Council's hard to heat homes in Collingtree that do not have gas

- The Council was mentioned in the government's Homelessness Strategy launched in August 2012 for providing best practice services for homeless people

- Council was selected by the Department for Communities and Local Government, Department of Health and Homeless Link to be one of five innovation areas on homelessness to tackle mental health related issues

- The cleaning services will be extended to include all communal blocks across the Borough

- Work begun to proactively deal with the local issues created because of national welfare reforms

What we did in 2011/12:

- Achieved ISO9001 quality standard for our Housing Solutions Service in October 2011 and awarded the Customer Excellence Award.

- Selected as one of only seven authorities to receive funding to run a social mobility pilot project, supporting people to move out of social housing into private rented accommodation where their circumstances allow, and to assist those living in health institutions to live independently and move into social housing

- Commenced development of a Tenancy Strategy to respond to Social Housing Reform agenda.

- Commenced a review of Council housing policy on allocations, under occupations and who can go on the housing register. This includes supporting members of the Armed Forces (via our local connection criteria)

- Obtained £300,000 of government funding to run a 'No Second Night Out' pilot project to eliminate rough Sleeping in the Town. We were the 2nd Council outside of London to have launched this initiative.

- 101 affordable homes developed in the Borough

- Attracted over £2m from E-on to help deliver the Community Energy Savings Programme (CESP) to our council tenants living in the most deprived areas in Northampton

- Disposed of Robinson House site to Orbit Homes to help deliver 17 new affordable family sized homes

- Received an award for our local authority new build scheme at Brookside Meadows, as the most sustainable small development in the Country

- Awarded £83k to bring 5 empty homes back into use with HCA grant funding

- Developed the Northampton Energy Savings Scheme (NESS) with funding of £70k from Department of Health through the Warmer Homes Healthy People funding stream. This helped over 200 customers with advice and energy saving measures

- Implemented a sub-regional Choice Based Lettings Scheme enabling people to move within the social housing market between Daventry and Northampton

- Successfully bid for government money to improve the quality of Council homes

- Commenced a review of Sheltered Housing and Call Care in order to identify a solution to the changes to sheltered housing wardens

- Received a 'Good Communications Award' in 2011 for our web site and Young Voices work to reduce youth homelessness

- Completed a business plan for the reform of the Housing Revenue Account to enable us to self-finance and manage our Council homes

- Implemented de-pooling of rent and service charges following consultation with Council tenants

Priority 6 - Creating empowered communities

The outcomes we want to achieve:

- Empowered local communities with a greater capacity to become involved in community life
- Increased capacity of our partners in the voluntary sector to better support communities
- Community managed community centres

How we will do this.....

- Encourage individuals, communities and groups to get involved and contribute to activities within their local neighbourhoods in order to promote integration and cohesion within communities and foster a sense of pride across the Town

- Work with others to support and develop the capacity of the voluntary sector for the benefit of NBC and local people

- Support localism plans for neighbourhood planning to increase community involvement in the planning process

- Adopt an open door policy to allow our parish Councils, resident associations, community groups and other organisations to take over the management and running of community centres still within the council's full or partial control, where they have the capacity to do so.

How we have progressed in 2012/13:

- Developed and implemented an iPhone app which allows people to report issues, view information about the Council and services

- Empowered communities in Blackthorn, Spring Boroughs, Wootton and East Hunsbury by helping them become more involved in neighbourhood plans. Working with other communities to improve ways local people can get involved.

- Community Governance Review to consider new Parish Councils, and proposed boundary changes to existing Parishes taking place which includes detailed consultation and an advisory poll
- Approved the transfer of the management of the Parklands and Blackthorn community centres
- Introduced a Tenants Panel to enable council tenants to shape service delivery and monitor performance
- Community Covenant set up to create understanding and a partnership with the local Armed Forces community

What we did in 2011/12:

- Transferred the running of fifteen out of twenty one Community Centres over to local community and voluntary organisations to run
- Developed an approach to neighbourhood working that supports Councillors in their leadership role to better understand local priorities and deliver against them
- Introduced a Councillor Community Fund
- Work with partners to support people to take up volunteering through the implementation of a County-wide recruitment portal
- Established a borough wide 'Friends' network to share best practice amongst our parks and open spaces volunteers
- Obtained 'Front Runner' status from the Government for Wootton and East Hunsbury Parish Council to prepare a Neighbourhood Plan.

Priority 7 - Promoting health and well-being

The long-term outcomes we want to achieve are:

- Work with the new local 'Health & Well-being' Board to improve the health of local people
- Promote the health and well-being of residents through continued support of leisure and sporting opportunities in local clubs and the Leisure Trust
- Improved public health

How we will do this.....

- Respond to the emerging Health & Wellbeing Board strategy
- Work with the new Clinical Commissioning consortia and develop locality plans to influence spend to deliver local priorities

  Actively support our sports clubs
- Support the Leisure Trust to deliver healthy living and Children and Young People outcomes and widen participation in leisure activities across all sections of the community
- Work with businesses and individuals to promote responsible drinking

- Work to influence our partners to improve air quality and meet Government minimum targets
- Implement the Affordable Warmth Strategy
- Work with external energy providers to implement the Community Energy Savings Programme to improve energy efficiency standards and reduce fuel bills in some of the Borough's most vulnerable communities

How we have progressed in 2012/13:

- A new leisure centre, funded by Duston Parish Council and managed by the Leisure Trust, opened on the old British Timken site during September 2012.
- The new Skate Park on Midsummers Meadow was officially opened on Saturday 21 July and over 800 skaters came to try out the park for the first time
- Hosted the 2012 Northampton Sports Awards on 11 October in the Great Hall at The Guildhall. The evening, which celebrated the winners of thirteen individual awards, was sponsored by local and national companies and was attended by around 180 people. The winners of each category will represent Northampton in the County Awards later in the year
- Secured a £65,000 DEFRA grant of to help improvement of air quality within the Borough. A low emissions strategy will be developed and the use alternative fuels will be explored.
- New sports equipment featured in Northampton Museum and Art Gallery's 'Going for Gold' Olympic summer exhibition was donated to the pupils of Cedar Road Primary School. The equipment was bought for the exhibition by councillor Anna King with money from her Councillor Community Fund.
- Worked in partnership with other local councils to launch a new website which provides useful information and advice to help householders reduce their energy bills. (Northampton Warm Homes Initiative)

What we did in 2011/12:

- Entered into an innovative social enterprise by transferring our sports, play and leisure services into a Trust in order to improve services and access to facilities locally, at a price that people can afford as well as protecting services for the future
- Installed gym equipment in some of our parks and open spaces that is suitable for all ages and abilities to enjoy a free workout outdoors
- Delivered the 'Mend' project on behalf of the NHS, through the Northampton Leisure Trust. MEND is a healthy lifestyle programme designed for children 7-13 yrs and 2-4 yrs who are above a healthy weight. Parents and carers join their children in each session to learn about how to choose healthier foods, portion sizes and how to spend more time about play and being active

- Launched a Junior Direct Debit gym membership scheme as an initiative to ease cash flow issues for parents and also to grow the business, retain customers and generate higher levels of income for the new Northampton Leisure Trust

- Organised the UK's first dedicated family friendly 3km night run in Northampton as part of last year's Cultural Olympiad Igniting Ambition Festival, in the lead up to London 2012

- Worked with a number of partners to deliver a Disability Sports Open Day at Danes Camp Leisure Centre in February 2012 celebrating 200 days to the opening ceremony of the Paralympic Games.

Priority 8 - Responding to your needs

The long-term outcomes we want to achieve are:

- Appropriate support provided to those in most need
- All services are fair, accessible and responsive to individual needs
- Residents and customers feel informed and engaged in service quality and design

How we will do this.....

- Further develop the Gateway Service to support those in most need

- Implement the Council's Equality Strategy, "Our Approach to Equalities" and continue to work towards achieving 'Excellent' within the Equality Framework for local government

- Expansion of the range of partners providing services in the One Stop Shop and focus on channel shift through the self-service area

- Provide consistency of customer service and "one point of contact" for customers by migrating the remaining service areas into the telephone contact centre and one stop shop

- Continue to create effective dialogue with people so that they can feel involved in the decision making process and ensure developing policy and service delivery takes into account different needs

- Support individuals affected by Social Welfare and Housing Reforms through effective communications of the changes and impacts upon them.

How we have progressed in 2012/13:

- Approved a 3 year Equality Strategy and work continues to become an excellent authority. Projects in 2012 included an update of the DisabledGo access guide, Stonewall Workplace Index accreditation and continued engagement with the Council's community forums

- The Council's Youth Forum won a National Diversity Award for their hard work to stamp out hate crime

- An event to support the International Day Against Homophobia and Transphobia (IDAHO) took place in May 2012

- Successfully completed our re – accreditation of the Customer Excellence standard for Local Government.
- A broad range of consultative approaches and activities have been developed including a consultation framework and Residents Panel.

What we did in 2011/12:

- Increased the range of partner services available in the One Stop Shop to include a Pharmacist service, Access to Employment service and charities providing support to vulnerable young mothers and Children leaving care

- Implemented the shared contact centre telephony and workforce management systems with Northamptonshire County Council enabling overflow of calls during peak periods

- Re-launched a jointly managed residents panel with Northamptonshire County Council supporting both organisations to consult and listen to the views of local people

- Achieved the 'Louder Than Words' accreditation for ensuring that our website and letters relating to our Housing Solutions service are accessible to deaf people and the Albert Kennedy Trust accreditation for ensuring that our Housing Solutions working practices are not homophobic

- Introduced a single 0300 telephone number to get through to all of the borough council's services, making it easier to remember and cheaper to call for many of our customers

- Hosted a disability multi sports club at Danes Camp Leisure Centre through the Northampton Leisure Trust to improve access to sport

- Developed and refurbished a shared One Stop Shop service with Northamptonshire County Council, Police, Fire and voluntary sector partners to improve customer access to services

- Introduced an appointment system, which includes emergency appointments for those in urgent need

- Achieved re-accreditation of the Cabinet Office 'Customer Service Excellence Award' for the services within the Finance and Support Directorate and our Housing Solutions Service.

Appendix 2

Northampton Borough Council

Equality Impact Full Assessment Form for:

Corporate Plan 2012-2015 (2013 Review)

Project Name:	Corporate Plan EIA		
Date:	Reviewed February 2011 January 2012 February 2013	**Release:**	Final
Author:	Silvina Katz, Corporate Policy and Consultation Manager 01604 837573		

1.0 Contributors to the EIA

Kathy Brooks, Performance Team Leader (2011/12) and Silvina Katz, Corporate Policy and Consultation Manager

1.1 Aims/objectives and purpose of the policy/service

The Corporate Plan is a key driver for NBC as it sets our ambitions, challenges, priorities and key targets over the life of the plan. The Council is fully committed to delivering on its public sector equality duties.

The Corporate Plan for 2012/15 was adopted by the Council in February 2012. This document was a three-year plan which was subject to annual reviews. The focus of the 2013 update was to celebrate success so far and to acknowledge issues. This update consisted of a “light-touch” review.

The Corporate Plan priorities were developed in consultation with local residents, stakeholders (including the community and voluntary sector and the business community) and staff during 2010/11.

The Council key priorities were reviewed during the 2011/12 and 2012/13 budget and business planning processes. The Corporate Plan 20012-15 priorities were further informed by the priorities detailed within the Conservative Manifesto mandated through the 2011 May Elections. Draft budget proposals were developed to take into account these priorities.

Consultation on draft budget proposals for 2013/14 run from 20 December 2012 to 31 January 2013.Consultation feedback was used to clarify priorities, understand the impacts of draft budget proposals and inform spending/saving options to be reflected in our future plans and budget.

The development of the Corporate Plan has been informed by the consultation feedback and the Plan is presented for Cabinet endorsement.

To support monitoring and delivery of the Council’s Corporate Plan priorities, a number of key corporate measures will underpin the Plan.

2.0 Scope/focus of the EIA

In order to consider how the plan will impact on the communities it will be necessary to review:

- Previous EIA
- The process followed to produce the document (to check how all sectors of the community are able to contribute to the process)
- The components and priorities set (to check how all sectors of the community can benefit from the process)

3.0 Relevant data and/or undertake research

The Corporate Plan has been developed through:

- Experience and knowledge from the development of Corporate Plans from 2007 to 2012
- Reviewing examples of Corporate Plans from other authorities
- Understanding our residents profile

Other key datasets and relevant information include:

- Local Profile Census 2011
- Review of NBC Consultations 2010 through to 2013
- Alignment of Consultation Activity and Manifesto May 2011

4.0 Assess and/or undertake consultation

Northampton Borough Council consults local residents and stakeholders to help decide its key priorities and budget. In 2010/11 we asked people to comment in two stages as part of our **Difficult Choices** consultation programme. Phase 1 focused on key priority areas for residents and Phase 2 focused on priority savings and spending as part of the budget consultation. In 2011/12 mandate for priorities was obtained at the Local Elections in May 2011 and budgetary proposals were consulted during winter 2011/12 as part of the **Facing the Challenge** programme and again during 2012/13 for the forthcoming Budget.

To ensure a wide participation, the consultation approach used a range of consultation mechanisms including on-line and paper surveys, public meetings, community forums and overview and scrutiny meetings. The local media promoted the opportunities to take part.

A profile of respondents by gender, age and ethnicity was collected to monitor sample representation.

Council members, senior managers and key stakeholders were kept informed of the views that people were expressing.

All budget proposals and options and proposed policy changes were accompanied by an impact assessment to understand how these would affect the various communities and people and groups with protected characteristics (e.g. race, disability, gender or gender identity/assignment, pregnancy and maternity, sexual orientation, age, religion, faith and belief). Full details (including EIAs and related information) are available at www.northampton.gov.uk/budget2013. The responses that people gave were used to inform the budget setting process.

5.0 Assessment of impact and outcomes

5.1 About the process

The consultation process was comprehensive and care was taken to ensure that views from sectors that are traditionally not reached were elicited and considered.

Consultation undertaken previously told us that people needed:

- Language to be clear and accessible to all sectors
- Accessible meetings, including across the town, to maximise opportunity to attend
- To understand impacts arising from any policy changes

Those views were taken into consideration and the language used in the survey questions and explanatory text was reviewed for clarity and simplicity, avoiding council acronyms and terminology where appropriate.

Surveys were made available in hard copy and on-line to ensure it was accessible to many. Care was taken in the design of the hard copy, which was available in alternative formats if requested. Assistance to complete the survey was available upon request.

5.2 About the components and priorities

There have been no adverse impacts identified in the development of the priorities or policy content of the Corporate Plan. The Plan positively details how the Council was assessed as being an Achieving Authority according to the Equality Framework for Local Government and aims to become Excellent by 2013.

Delivery of equalities spans across all services (including employment). The plan sets our priorities for improvement but also needs to reflect the other (including statutory) activities we need to do as a council.

The Plan has two themes with eight priority outcomes:

Your Town	You
Putting Northampton back on track	Better homes for the future
Invest in safer, cleaner neighbourhoods	Creating empowered communities
Celebrating our heritage and culture	Promoting health and well-being
Making every £ go further	Responding to your needs

Full screening was undertaken for all policy options considered within the budget and priority setting. No adverse impact has been identified in relation to all protected characteristics including disability, gender (including reassignment) pregnancy and maternity, race, religion or belief, sex and sexual orientation in relation to the Corporate Plan.

5.3 Reducing any disproportionate adverse impact

See table below

5.4 Publication of result

Results of the consultation have been published on the web and on modern.gov as an attachment to Cabinet papers.

6.0 Monitoring and review

Monitoring and review will be undertaken as part of the Corporate Performance Framework and on-going self-assessment against the Equality Framework.

Compiled by: Silvina Katz

Date: 14 January 2013

Equality Impact Assessment Improvement Plan

The table below should be completed using the information from the Equality Impact Assessment to produce an action plan for the implementation of proposals to:

1. Lower the negative impact? **And/Or**
2. Ensure that the negative impact is legal under anti-discriminatory law? **And/Or**
3. Provide an opportunity to promote equality, equal opportunity and improve relations within equality target groups? i.e. increase the positive impact

Please ensure that you update your service/business plan with the equality objectives/targets and actions identified below:

Area of negative impact/ concern	Changes proposed	Lead Officer	Timescale	Resource implication	Comments
The formulation of Corporate Plan process was iterative and involved a wide audience with differing requirements		Head Business Change	Agree timetable for future process	Within existing resources	Good governance
Due consideration of impact in relation to all policies and strategies	EIA should be led by managers responsible for the area being assessed to inform decision making		Ongoing and iterative	Within existing resources	Good governance
On the document: Language needs to be clear	Use plain English where possible - Communications Strategy	Performance Team Leader	At all stages of drafting and consultation.	Within existing resources	The plan is a key strategic document which should be accessible to all audiences
On consultation: Inclusivity and wider participation	Consider alternative means for consultation to ensure that those unable to attend public meetings can contribute effectively to the consultation and arranging public meeting across the town	Leaders supported by Corporate Policy and Consultation Manager	Consultation Process to span through priority and budget setting timetable	Within existing resources	Within the principles of the Community Engagement Strategy (having regard to Consultation Toolkit)
Equality Framework	Ensure greater consideration of equality issues in the development of Corporate Plan priorities in future years to ensure focus on addressing inequality	Senior Management/ Heads of Service	Service Plans to be agreed by March 2013	Within existing resources	

Sign off (Head of Service): Dale Robertson February 2012

Equality Impact Assessment: Summary Report

The results of equality impact assessments must be published. Please complete this summary, which will be used to publish the results of your impact assessment on the authority's web site and return it to the Policy Team

Date of Assessment: February 2013
Completing Officer's Title/Position: Silvina Katz, Corporate Policy and Consultation Manager
Service, Policy, Procedure, or Practice that was Impact Assessed: Corporate Plan
Summary of findings: Consultation results revealed that the profile of respondents to consultation matched the profile of the community at large. This is indicative of an inclusive process. Policy options and priority setting have been individually assessed for community impact and mitigation on reviews put in place as appropriate. The 2013 refresh has reviewed achievements from 2012 and confirmed priorities.
Summary of Recommendations and Key Points of Action Plan: Future developments in the Corporate Plan need to give consideration to addressing equalities issues in the identification of priorities and key actions and they also need to be clearly reflected in relevant service plans. An ongoing assessment will be needed in relation to individual policies and policy changes to understand how their implementation has affected communities.
Groups that this policy will impact upon: ALL protected characteristics (in accordance with the Equality Act)

Appendices:
3

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	**CAPITAL PROGRAMME 2013-14 TO 2015-16**

AGENDA STATUS: **PUBLIC**

Cabinet Meeting Date:	20 February 2013
Key Decision:	YES
Within Policy:	YES
Policy Document:	Capital Strategy
Directorate:	Resources
Accountable Cabinet Member:	Alan Bottwood
Ward(s)	Not Applicable

1. Purpose

1.1 The purpose of the report is:

- To present the proposed capital programme for 2013-14.
- To outline the capital programme funding proposals for 2013-14 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 programme for 2013-14, including future year commitments, as set out in Appendix A.

b) The capital financing principles to be applied in 2013-14, as set out in the approved Capital Strategy and attached as Appendix C.

c) The proposed financing of the capital programme for 2012-13 and future years, as set out at paragraphs 3.2.11 and Appendix B.

d) That authority be delegated to the Chief Finance Officer in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder to update prudential indicators in both the Prudential Indicators report and Treasury Strategy report, prior to Council for any capital programme changes that impact on these.

e) That Cabinet be authorised, once the programme has been set, to approve new capital schemes and variations to existing schemes during 2013-14, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.

3. Issues and Choices

3.1 Report Background

The Financial Position

3.1.1 The Council continues to face an extremely challenging financial situation in the short to medium term. Reductions in overall revenue funding constrain the ability to undertake borrowing in support of capital expenditure due to its impact on interest and Minimum Revenue Provision (MRP) charges.

3.1.2 The national economic situation continues to make it difficult to realise capital receipts. In line with the Capital Strategy, receipts are only utilised to fund capital expenditure when actually received.

3.1.3 Right to Buy (RTB) sales have picked up compared to recent years (32 to date in 2012/13 compared to 17 for the same period in 2011/12). This follows an increase in discount levels introduced from April 2012. This increases the availability of capital receipts to fund Housing capital expenditure. Pooling regulations have changed such that the Council now retains all RTB receipts in excess of those assumed in the HRA self-financing buyout, provided that these are invested in the provision of additional social housing.

3.1.4 Some grant funding has also been affected where grant-awarding bodies are being forced to tighten their belts. Officers are continually seeking new sources of grant funding, the outcome of which often becomes known during the course of the year. In line with the delegation scheme, capital schemes that are fully funded from external grants and contributions and in accordance with the objectives and priorities of the Council can be added to the programme with the approval of the Chief Finance Officer. This enables such schemes to commence promptly and achieve their objectives in line with grant conditions.

Building the Capital Programme.

3.1.5 Project appraisals have been completed for all 2013-14 capital programme bids.

3.1.6 Each project appraisal demonstrates how the scheme will contribute to:

- The Council's corporate priorities.
- Statutory duties and legal commitments
- Equalities
- Efficiency and Value for Money

3.1.7 These factors are all taken into account in formulating a proposed capital programme that will best target the Council's corporate priorities within the resources available.

3.1.8 Officers maintain a file of all project appraisals and copies of individual appraisals are available on request.

3.2 Issues

Capital Programme

3.2.1 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.

3.2.2 The proposed capital programme for 2013-14 to 2015-16 is attached at **Appendix A**. The value of the total proposed capital programme for 2013-14 is £30.122m, split between General Fund (GF) £5.747m and Housing Revenue Account (HRA) £24.375m. A schedule of the individual schemes can be seen in Appendix A.

General Fund Programme

3.2.3 General Fund schemes have been prioritised within the resources available, i.e. capital receipts that will be received during 2012/13 plus borrowing that was assumed at the time that the 2012/13 revenue budget was approved. No new schemes have been included for 2014/15 and 2015/16 pending the delivery of further receipts.

3.2.4 There is continuing significant demand for Disabled Facilities Grants. These are mandatory for the Council when the homeowner has made a full application. The proposed programme includes an annual budget of £1.475m, including £1m per annum funded by borrowing.

3.2.5 The new bus interchange is being partly funded by prudential borrowing of £3m spread across 2012-13 and 2013-14, plus grant of £4m from West Northamptonshire Development Corporation (WNDC) in 2012-13. The phasing of expenditure on this significant scheme has been reviewed, as reported to Cabinet on 13th February 2013. This re-phasing is not reflected in the capital programme and funding set out in this report.

3.2.6 Our Property Disposal Strategy is generating new capital receipts and reducing holding costs. A successful programme of asset sales has generated capital receipts of nearly £1.7m during 2012/13 to date. These will be partly utilised to fund the 2013/14 recommended programme and partly set aside in a capital reserve fund. This reserve provides a funding source for future priority schemes and emergencies.

3.2.7 The only change to the General Fund programme since the December 2012 Cabinet report is the inclusion, for completeness, of the previously agreed 3-year Empty Homes Programme, which is fully funded by grant from the Homes and Communities Agency (HCA).

HRA Programme

3.2.8 The recommended programme and funding for 2013/14 flows from the latest HRA Business Plan. It is affordable and directed to the priorities set out within that plan.

3.2.9 The 30-year Business Plan includes provision for funding of new build and regeneration of existing housing stock from 2014/15 onwards. This is included in the programme along with an annual provision for the repurchase of former council houses, where this is financially viable.

3.2.10 The funding of the programme includes the significant allocations of Decent Homes Grant previously notified by the Department of Communities and Local Government This is £17m in 2013/14 and a further £15.36m in 2014/15.

2013-14 Funding

3.2.11 The table below outlines how it is planned to fund the proposed capital programme in 2013-14.

Funding source	GF	HRA	Total
	£m	£m	£m
Prudential Borrowing	3.640	0	3.640
Self-funded Borrowing	0.410	0	
Capital Receipts	0.540	0.600	1.140
Major Repairs Reserve	0	6.775	6.775
Grants & Third Party Contributions	1.107	17.000	18.107
Revenue Contributions	0.050	0	0.050
Total	**5.747**	**24.375**	**30.122**

3.2.12 A more detailed breakdown of the funding assumptions for the next three years is set out at Appendix B.

3.3 Choices (Options)

3.3.1 Cabinet are asked to recommend to Council that they approve the recommendations at paragraph 2.1.

3.3.2 Cabinet may propose changes to the capital programme and funding in consultation with the Chief Finance Officer..

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 proposed Capital Strategy for 2012-13 to 2014-15 was approved by Council on 29 February 2012.

4.1.2 The approval of the 2013-14 capital programme forms part of the annual budget setting process, and if approved the programme will become a policy document.

4.2 Resources and Risk

4.2.1 Members are required to agree a balanced capital programme. The 2013-14 programme shown in **Appendix A** is fully funded, as set out at **Appendix B**, and will meet this obligation.

4.2.2 The revenue implications of each scheme included in the proposed capital programme for 2013-14 have been included in the revenue budget proposals for 2013-14 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 £3.640m will be used to support the proposed General Fund capital programme in 2013-14 This will create a revenue commitment for interest payments in 2013-14 and a revenue commitment for principal and interest in future years. The value of the principal element will vary in line with the 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.

4.2.4 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. Risks around the financing of the capital programme are monitored by the Finance Manager (Capital) and any emerging issues are reported to the Council's Chief Finance Officer.

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 Appropriate completion of the Equalities Impact Assessment process is a condition of approval for each scheme in the capital programme.

4.4.2 The project manager is responsible for ensuring that issues identified in the Equalities Impact Assessment are appropriately addressed in the implementation of the capital scheme.

4.5 Consultees (Internal and External)

4.5.1 Members of the public were consulted on aspects of the draft capital programme through the general consultation on the budget. The outputs of this consultation can be found in an Appendix to the Revenue Budget Report.

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

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The Capital Appraisal developed in support of each scheme details the schemes contribution to Council priorities and this has informed the prioritisation of the programme.

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.

4.7.2 **List of Appendices**

- Appendix A Capital Programme 2013-14 to 2015-16
- Appendix B Forecast of Capital Financing 2013-14 to 2015-16
- Appendix C Capital Funding Strategy

5. Background Papers

5.1 Cabinet Reports

- 19th December 2012 – Budget and Capital Programme 2013-14 to 2015-16

5.2 Equalities and Human Rights Commission

- The Public Sector Equality Duty and Financial Decisions.

5.3 Other Papers

- Capital Strategy 2012-13 to 2014-15
- Budget Consultation papers

Paul Hymers, Finance Manager – Capital – 0300 330 7000
Rebecca Smith, Assistant Head of Finance, 0300 330 7000
Isabell Procter, Director of Resources, 0300 330 7000

Draft Capital Programme 2013-14 to 2015-16 - General Fund

Reference Number	Project Title	Note	2013-14 £	2014-15 £	2015-16 £	Scheme Total £
Proposed Capital Programme						
GF01	IT Infrastructure - Servers and Network Storage (self-funded)	1	270,000			270,000
GF02	IT Infrastructure - PC replacement with VDI Terminals (self-funded)	1	65,000			65,000
GF03	Disabled Facilities Grant (continuation)		1,475,000	1,475,000	1,475,000	4,425,000
GF05	Bus Interchange (continuation)		1,500,000			1,500,000
	Empty Homes Programme (continuation)	4	632,090	632,090		1,264,180
GF06	Corporate Improvements		200,000			200,000
GF07	Parks Infrastructure - Improvements & Renewals		150,000			150,000
GF08-GF10	Lifts - Health & Safety Works		70,000			70,000
GF11	Derngate Theatre Roof		297,000			297,000
GF17	Delapre Abbey Renewals & Improvements		100,000			100,000
GF18	Guildhall Renewals Phase 3		75,000			75,000
GF19	Skate Park Toilet & Kiosk	2	150,000			150,000
GF21-GF25, GF27	Lifts - Improvement Works		150,000			150,000
GF35, GF36, GF39	Cemeteries - Towcester Rd Boundary Wall, Roadway, Footpath		25,000			25,000
GF37	Car Parking Signage		200,000			200,000
GF38	Visitor Signage in Town Centre		80,000			80,000
GF16/GF29	Water Management & Bridge Works		100,000			100,000
GF14	Investment Property - Renewal & Improvement		50,000			50,000
GF13	Community Centre Renewals		50,000			50,000
GF12	Allotments		58,000			58,000
GF42	Delapre Abbey Restoration	3	50,000	5,208,480		5,258,480
Total Proposed Programme			**5,747,090**	**7,315,570**	**1,475,000**	**14,537,660**
Self-funded schemes (will only go ahead if savings/source of funding proven)						
GF31	Westbridge Depot - Insulation of External Walls		35,000			35,000
GF41	Mounts Bath Roof		150,000			150,000
GF40	LED Lighting Schemes		298,000			298,000
			483,000	**0**	**0**	**483,000**

Notes:
1) Borrowing costs funded by existing leasing budgets - borrowing is more cost effective, enables equipment lives to be lengthened
2) Borrowing to be partly funded (£75k) by income from Kiosk
3) Subject to Heritage Lottery Fund application
4) Funded from Homes & Communities Agency (HCA) grant

Appendix A2

Draft Capital Programme 2013-14 to 2015-16 - HRA

Reference Number	Project Title	2013-14	2014-15	2015-16	3-Year Total
		£	£	£	£
HRA001	Decent Homes	17,752,900	26,705,000	6,156,380	50,614,280
HRA003	Structural Improvements	300,000	200,000	400,000	900,000
HRA004	Heating replacements (responsive)	500,000	500,000	500,000	1,500,000
HRA005	Asbestos removal remedial action	50,000	100,000	100,000	250,000
HRA007	Door entry replacement	100,000	150,000	150,000	400,000
HRA008	Kitchens	115,000	100,000	100,000	315,000
HRA009	Planned Heating Replacements	500,000	400,000	500,000	1,400,000
HRA010	Reroofing	100,000	100,000	200,000	400,000
HRA011	Windows and doors replacement (outside Decent Homes programme)	30,000	30,000	30,000	90,000
HRA012	Electrical periodic works	125,000	125,000	125,000	375,000
HRA014	Garage roofs, doors and forecourts	40,000	100,000	100,000	240,000
HRA015	Minor adaptations	100,000	140,000	140,000	380,000
HRA016	Environmental enhancements	100,000	100,000	200,000	400,000
HRA017	Digital Aerials	0	10,000	10,000	20,000
HRA018	Estate regeneration (paths, boundary walls, parking areas and other similar projects)	100,000	240,000	1,000,000	1,340,000
HRA019	Fire safety in communal areas	100,000	150,000	150,000	400,000
HRA020	Disabled adaptations	1,000,000	1,000,000	1,000,000	3,000,000
HRA021	Sheltered housing improvements	1,000,000	1,000,000	500,000	2,500,000
HRA022	IT capital	200,000	200,000	200,000	600,000
HRA023	Walkways	100,000	100,000	100,000	300,000
HRA024	Communal area upgrade	200,000	300,000	300,000	800,000
HRA025	Green deal contribution & energy efficiency	50,000	50,000	100,000	200,000
HRA026	Major Regeneration, Repurchase and New Build	1,000,000	10,000,000	10,000,000	21,000,000
HRA027	Change of Use	100,000	250,000	100,000	450,000
HRA028	CCTV	50,000	50,000	0	100,000
HRA029	Lift Refurbishment St Kats	100,000	0	0	100,000
HRA030	Little Cross Street	562,000			562,000
	Total	**24,374,900**	**42,100,000**	**22,161,380**	**88,636,280**

Appendix B

Capital Programmme 2013-14 to 2015-16 - Forecast of Capital Financing

GENERAL FUND

	2013-14 £	2014-15 £	2015-16 £
Capital Receipts	540,000	500,000	
Prudential Borrowing	3,640,000	1,000,000	1,000,000
Self-funded Borrowing	410,000		
Revenue Reserve - Delapre Abbey	50,000	790,000	
Grant Funding - DFGs	475,000	475,000	475,000
Grant Funding - HCA	632,090	632,090	
Grant Funding - Delapre Abbey		3,908,480	
Section 106		10,000	
Total Financing - GF	**5,747,090**	**7,315,570**	**1,475,000**

Notes:

1 Funding for Delapre Abbey is subject to the Heritage Lottery Fund grant application. Capital Receipts of £500k to meet the Council's contribution are expected to be secured prior to final approval of the scheme.

HOUSING REVENUE ACCOUNT

	2013-14 £	2014-15 £	2015-16 £
Decent Homes Backlog Grant (provisio	17,000,000	15,355,000	0
Major Repairs Reserve/Depreciation	6,774,900	17,259,100	12,610,000
Capital Receipts - Right to Buy	600,000	357,000	472,000
Revenue/Earmarked Reserve	0	9,128,900	9,079,380
Total Financing - HRA	**24,374,900**	**42,100,000**	**22,161,380**

Notes:

2 The balance between HRA funding sources may be adjusted in line with changes to the 30-year HRA Business Plan.

Appendix C

FUNDING STRATEGY

The capital funding strategy is part of the overall capital strategy.

Cabinet may make changes to the funding strategy where necessary to deliver capital schemes that are key to delivering the Council's agreed priorities.

Funding streams are allocated in the following ways:

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

- Underspends on GF schemes may not be automatically diverted to other schemes. This will be considered against the demands of the programme as a whole, the Reserve Project list and funding requirements for the following year.

The funding strategy is used to determine the allocation of funding to the programme at the start of the year and throughout the year. Depending on the timing and restrictions of the funding streams, the most appropriate funding will be used at the year end. The Capital 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.

Appendices:
8

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	TREASURY MANAGEMENT STRATEGY 2013-14 to 2015-16

AGENDA STATUS: **PUBLIC**

Cabinet Meeting Date:	20 February 2013
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Resources
Accountable Cabinet Member:	Alan Bottwood
Ward(s)	Not Applicable

1. Purpose

The purpose of the report is to bring to Cabinet:

- The Treasury Management Policy Statement
- The Treasury Management Practices (TMPs) and TMP Schedules for 2013-14
- The Treasury Management Strategy for 2013-14
- Other associated treasury management information for 2013-14

2. Recommendations

2.1 That Cabinet recommend to Council that they approve:

a) The Treasury Management Policy Statement at **Appendix C**

b) The Treasury Management Practices (TMPs) Main Principles at **Appendix D**

c) The TMP Schedules for 2013-14 at **Appendix E**

d) The Treasury Management Strategy for 2013-14 at **Appendix F,** incorporating:

(i) The Capital Financing and Borrowing Strategy for 2013-14 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 2013-14 as required by the Local Government Act 2003.

(ii) The Investment Strategy for 2013-14 as required by the CLG revised Guidance on Local Government Investments issued in 2010.

e) That authority be delegated to the Council's Chief Finance Officer, the Director of Finance and Support, in liaison with the Portfolio Holder for Finance, to make any changes needed to the Council's borrowing and investment strategy to enable the authority to meet its obligations.

2.2 That Cabinet recommend to Council that they note:

a) Adherence to the Council's policy on reserves and balances (paragraph 3.2.13).

b) Compliance with the requirement under the Local Government Finance Act 1992 to produce a balanced budget (paragraph 3.2.14 & 3.2.15).

3. Issues and Choices

3.1 Report Background

Treasury Management in the Public Services - CIPFA Code of Practice

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

CIPFA Prudential Code for Capital Finance in Local Authorities

3.1.2 The Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.

3.1.3 The Prudential Code requires the Council to set a range of prudential indicators for capital finance and a report setting out the prudential indicators for 2013-14 to 2015-16 is included elsewhere on this agenda.

3.1.4 Four key treasury indicators are prudential indicators and form part of the Prudential Code.

- Gross debt and the capital financing requirement
- Authorised limit for external debt
- Operational boundary for external debt
- Actual external debt

Apart from the actual net external debt figure, which is an outturn position and will be reported in the Treasury Management Outturn report, these prudential indicators are included in the Council's Treasury Management

Strategy for completeness. The Prudential Code also requires that where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy. See Section 10 of **Appendix F**.

3.1.5 In addition three treasury management indicators are required by the Prudential Code but are not treated as prudential indicators

- Upper limits on fixed and variable interest rate exposures
- Upper and lower limits to the maturity structure of borrowing
- Upper limits to the total of principal sums invested for periods longer than 364 days

These are included in the Council's Treasury Management Strategy (Sections 11 and 24 of **Appendix F**).

3.1.6 The Code states that all the indicators are to be presented together as one suite. The Council's prudential and treasury indicators have all been set within an integrated strategy for capital expenditure and financing and treasury management, and they are both brought to this same budget setting meeting for approval. The Council's Treasury Management Strategy includes both the prudential indicators relating to treasury, and the treasury indicators.

3.2 Issues

Economic Background

3.2.1 An analysis of the economic position as at January 2013 is attached at **Appendix B.** This has been provided by Sector, the Council's treasury management advisers.

3.2.2 External economic events and market conditions have continued to have an impact on the Council's debt financing budget in the current year. Monthly average annual rates of return on the Council's investments have ranged between 1.08% and 1.35%, averaging at around 1.23%, (as at 31 January 2013) against a budgeted figure of 0.70%.

3.2.3 Forecasts of investment returns remain depressed for the three year period from 2013-14 to 2015-16. This continues to have a significant impact on the Council's income from investments. The Council has budgeted for a 1% average rate of return on investments for each of the next three years.

3.2.4 The economic situation continues to be fluid and relatively unstable, and it is essential to have a counterparty selection policy that can respond quickly to changes. A balanced view must be taken, but management of risk takes a higher priority over returns, so that the Council's balances are protected.

3.2.5 Policies for the management of credit and counterparty risk are set out at Section 1 of TMP 1 and the Schedule to TMP1, attached at **Appendix D** and **Appendix E**. The Council's proposed approach for 2013-14 is set out at Section 18 of the Treasury Management Strategy attached at **Appendix F.**

Treasury Management Policy Statement

3.2.6 The Council's Treasury Management Policy Statement is set out at **Appendix C**. The statement follows the wording recommended by the latest edition of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes.

Treasury Management Practices (TMPs)

3.2.7 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.

3.2.8 The TMPs are split as follows:

- Part 1: Main Principles (Set out at **Appendix D**)
- Part 2: Schedules (Set out at **Appendix E**)

3.2.9 The Main Principles follow the wording recommended by the revised CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes.

3.2.10 The Schedules cover the detail of how the Council will apply the Main Principles in carrying out its operational treasury activities.

Treasury Management Strategy 2013-14

3.2.11 The Council's Treasury Management Strategy for 2013-14 is set out at **Appendix F**. The strategy incorporates:

(i) The Capital Financing and Borrowing Strategy for 2013-14 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 2013-14 as required by the Local Government Act 2003.

(ii) The Investment Strategy for 2013-14 as required by the CLG revised Guidance on Local Government Investments issued in 2010.

Debt Financing Budget 2013-14 to 2015-16

3.2.12 The debt-financing budget has been prepared in accordance with the requirements of the relevant legislation and guidance and with full regard to the Council's proposed capital programme, treasury management strategy and prudential indicators and is included in the Council Wide General Fund Revenue Budget 2013-14 to 2015-16 report to Cabinet.

3.2.13 The debt-financing budget has been prepared in line with the Council's policy on reserves and balances, which is that a prudent level of General Fund balances, along with appropriate application of reserves, should be part of the overall budget. An annual risk assessment is undertaken to ascertain the minimum level of General Fund balances the authority should hold. This suggests that £3.1m should be the minimum for 2013-14. This policy is included in the Council Wide General Fund Revenue Budget 2013-14 to 2015-16 report to Cabinet.

3.2.14 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 the impact of charges to revenue from higher interest charges caused by extra borrowing to finance additional capital expenditure, and any growth 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.

3.2.15 The CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes require this report to include a reference to compliance under the Local Government Act 1992 to produce a balanced budget. Such compliance is demonstrated within the Council Wide General Fund Revenue Budget 2013-14 to 2015-16 report to Cabinet.

Shared Service Arrangement with LGSS

3.2.16 Cabinet agreed on 14 November 2012 to deliver certain services, including treasury management, under the auspices of the LGSS Joint Committee. This decision, which is expected to be implemented from 1 May 2013, will impact on the way that treasury management is managed and delivered, particularly in terms of the posts responsible for certain functions. Once the detail of the new arrangements has been agreed, it may be necessary to bring revised Schedules to the Treasury Management Practices, reflecting the new arrangements, back to Council for approval.

Abbreviations

3.2.17 A list of abbreviations used in this report and the accompanying appendices is provided at **Appendix H**.

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 Management 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 resources required to deliver the Council's treasury management strategy and policies over the next three years are incorporated into the Council's debt financing and debt management budgets, which are included in the Council Wide General Fund Revenue Budget 2013-14 to 2015-16 report to Cabinet.

4.2.2 Effective risk management is a fundamental requirement for the treasury management function, and this theme runs clearly throughout the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Council's Treasury Management Policy, Treasury Management Practices (TMPs) and Schedules, and Treasury Management Strategy for 2013-14 discuss the ways in which treasury management risk will be determined, managed and controlled.

4.2.3 The Council's appetite for risk must be clearly identified in its strategy report. The Treasury Management Strategy at **Appendix F** affirms that priority will be given to the security and liquidity of capital when investing funds. This will be carried out by strict adherence to the risk management and control strategies set out in the Schedules to the Treasury Management Practices and the Treasury Management Strategy. Responsibility for risk management and control lie within the Council and cannot be delegated to an outside organisation.

4.2.4 Risks in the debt financing budget have been taken into account in earmarked reserves and in the Risk Assessment of General Fund Reserves.

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 Appendices and listed in the background papers.

4.4 Equality

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

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

4.5 Consultees (Internal and External)

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

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

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The proposals support the Council's priority of making every £ go further.

4.7 Other Implications

4.7.1 No other implications have been identified.

5. Background Papers

Equalities Impact Assessment Screening: Treasury Management Strategy 2013-14

Bev Dixon, Finance Manager (Treasury), 0300 330 7000
Isabell Procter, Director of Resources, 0300 330 7000

Northampton Borough Council

Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Code), and specifically adopts the key recommendations as described in Section 5 of the Code.

1. Northampton Borough Council will create and maintain, as the cornerstones for effective treasury management:

    - A treasury management policy statement, stating the policies, objectives and approach to risk management 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 principles.

2. Northampton Borough Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3. Northampton Borough Council delegates responsibility for the implementation and regular 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.

4. Northampton Borough Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Economic Background

Provided by Sector Treasury Services – As at 15 January 2013

Global economy

The **Eurozone** debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which is unlikely to have grown significantly in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth at 0.9% in quarter 3 is unlikely to prove anything more than a washing out of the dip in the previous quarter before a probable return to negative growth in quarter 4; this would leave overall growth in 2012 close to zero and could then lead into negative growth in quarter 1 of 2013, which would then mean that the UK was in its first triple dip recession since records began in 1955.

The Eurozone sovereign debt crisis abated following the ECB's commitment to a programme of Outright Monetary Transactions i.e. a pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request, (for a national bailout), and so surrendering its national sovereignty to IMF supervision. However, the crisis in Greece has subsided, for the time being, as a result of the Eurozone agreement to provide a further €50bn financial support package in December. Many commentators, though, still view a Greek exit from the Euro as being likely in the longer term as successive rounds of austerity packages could make it more difficult to bring down the annual deficit and total debt as ratios of GDP due to the effect they have on shrinking the economy and reducing employment and tax revenues. However, another possible way out would be a major write down of total Greek debt; this has now been raised by the German Chancellor as a possible course of action, but not until 2014-15, and provided the Greek annual budget is in balance.

Sentiment in financial markets has improved considerably since this ECB action and additional financial support for Greece to ensure that the Eurozone remained intact during 2012. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and do not address the huge obstacle of unemployment rates of over 25% in Greece and Spain. It is also possible that the situations in Portugal and Cyprus could deteriorate further in 2013 and, although they are minor economies, such developments could unnerve financial markets. There are also general elections coming up in Italy and Germany which could potentially produce some upsets on the political scene. It is, therefore, quite possible that sentiment in financial markets could turn during 2013 after the initial burst of optimism at the start of the year. While equity prices have enjoyed a strong start to 2013, the foundations for this stock market recovery are shallow given the economic fundamentals in western economies. In addition, QE has to come to an end at some point in time and there is a distinct increase in doubt in the central banks of the US and UK as to the effectiveness of any further QE in stimulating economic growth. An end to central purchases of bonds may lead to a fall in bond prices.

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. The fiscal cliff, and raising the total debt ceiling, still await final resolution by the end of February. The housing market, though, does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. Recent news from China appears to indicate that the economy has returned to a healthier rate of growth. However, there are still concerns around the unbalanced nature of the economy which is heavily dependent on new investment expenditure. The potential for the bubble in the property sector to burst, as it did in Japan in the 1990s, could have a material impact on the economy as a whole.

UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order, have now had to be extended, in the autumn statement, over a longer period than the original four years. Achieving this new extended timeframe will still be dependent on the UK economy returning to a reasonable pace of growth towards the end of this period.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. However, the subsiding of market concerns over the Eurozone has unwound some of the attractiveness of gilts as a safe haven and led to a significant rise in gilt yields. There is little evidence that UK consumer confidence levels are recovering, nor that the manufacturing sector is picking up. The dominant services sector disappointed in December with the PMI (Purchasing Managers Index) survey indicating the first fall in activity in two years. On the positive side, banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had time to make a significant impact in respect of materially increasing overall borrowing in the economy. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) increased by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE in early 2013 to try to stimulate economic activity. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) was also effectively a further addition of QE

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% by the end of the year, though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the three main credit rating agencies have stated that they will be reviewing this rating in early 2013; they will, thereafter, also be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the Greek government was unable to eliminate the annual budget deficit and the costs of further support were to be viewed as being prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself. The same considerations could also apply to Spain;

- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment;

- the impact of the Eurozone crisis on financial markets and the banking sector;

- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;

- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;

- the risk of the UK's main trading partners, in particular the EU and US, falling into recession;

- stimulus packages failing to stimulate growth;

- elections due in Italy and Germany in 2013;

- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China;

- the potential for action to curtail the Iranian nuclear programme;

- the situation in Syria deteriorating and impacting other countries in the Middle East.

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields;

- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held;

- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone;

- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth;

- The possibility of a UK credit rating downgrade.

Northampton Borough Council
Treasury Management Policy Statement

1. Northampton Borough Council defines its treasury management activities as:

   "The management of the organisation's investments and 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, and any financial instruments entered into to manage these risks.

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 value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4. The Council's high level policies for borrowing and investment are:

   - For borrowing, to ensure affordability and to secure value for money when making capital investment and borrowing decisions.
   - For investments, to prioritise the security and liquidity of capital sums, at the same time optimising yields within a sound risk management framework.

Appendix D

Treasury Management Practices

Part 1: Main Principles

February 2013

TREASURY MANAGEMENT PRACTICES

The Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives and prescribe how it will manage and control those activities.

TMP 1 Risk management

TMP 2 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 Training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate governance

Specific details of the systems and routines to be employed and the records to be maintained take the form of schedules to the TMPs, which are set out in a separate document (report Appendix E).

General Statement

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of 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 TMP 6 *Reporting requirements and management information arrangements*.

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

1) Credit and counterparty risk management

This Council regards a key 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 TMP 4 *Approved instruments methods and techniques* and 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 financial agreements.

2) Liquidity risk management

This 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.

This Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

3) Interest rate risk management

This Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP 6 *Reporting requirements and management information arrangements*.

It will achieve this by the prudent use of its approved 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. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

4) Exchange rate risk management

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

5) Refinancing risk management

This 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 Council as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

6) Legal and regulatory risk management

This Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP 1 [1] *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.

This Council recognises that future legislative 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 Council.

7) Fraud, error and corruption, and contingency management

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

8) Market risk management

This 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.

TMP 2 PERFORMANCE MEASUREMENT

This Council is committed to the pursuit of value for money 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 support of the Council'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.

TMP 3 DECISION-MAKING AND ANALYSIS

This Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating 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.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

This Council will undertake its 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 TMP 1 *Risk management.*

Where this Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

This Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, 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 principle on which this will be based is a 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 and review of the treasury management function.

If and when this 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 TMP 6 *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 arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. 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 delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management.*

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

This 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 transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting 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 Council (i.e. full council) will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions 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 committee/board/council will receive regular monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such an audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector specific guidance notes.

The present arrangements and the form of these reports are detailed in the schedule to this document.

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The responsible officer will prepare, and this Council will approve and, if necessary, from time to time will 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 matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP 1 *Risk management*, TMP 2 *Performance measurement,* and TMP 4 *Approved instruments, methods and techniques.* The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP 6 *Reporting requirements and management information arrangements.*

This 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.

TMP 8 CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this Council will be under the 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 compliance with TMP 1 [1] *liquidity risk management.* The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP 9 MONEY LAUNDERING

This 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 recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

TMP 10 STAFF TRAINING AND QUALIFICATIONS

This 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 responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in the schedule to this document.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

This Council recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be potential value in 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 have been submitted to a 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 overreliance on one or a small number of companies. Where services are subject to 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.

TMP 12 CORPORATE GOVERNANCE

This 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.

This Council has adopted and has implemented the key principles 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 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 2013

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 Council.

Key Principles:

TMP 1	Risk management
TMP 2	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	Training and qualifications
TMP 11	Use of external service providers
TMP 12	Corporate governance

SCHEDULES TO THE TMPs - KEY PRINCIPLES

The key principles of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes are that:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

The Schedules to the Treasury Management Practices that follow and the Council's Treasury Management Strategy at report Appendix F, are drafted in the context of these principles, as well as the requirements of the four key clauses (report Appendix A), the Treasury Management Policy Statement (report Appendix C), and the Treasury Management Practices – Main Principles (report Appendix D).

1) Credit and counterparty risk management

Credit and counterparty risk is the risk of failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital or project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources.

Specified Investments

The Council may enter into any type of investment instrument categorised as a specified investment (See TMP 4 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 two year period, will only be entered into after consultation with the Council's external treasury management advisors, and with the express approval of the Chief Finance Officer.

All investments, with the exception of those to other local authorities and the UK Government, will be placed only with banks, building societies and authorised deposit takers under the Financial Services and Markets Act 2000 and allocated a satisfactory rating by the Council's external treasury management advisors based upon credit ratings issued by the three main rating agencies, and also taking into account other relevant factors (e.g. sovereign ratings and movements in credit default swaps).

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 also, for investments over 364 days, in the Prudential Indicators.

Capital Expenditure

The Council may make loans to third parties for the purpose of capital expenditure as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146)

Counterparties

The CIPFA Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes has emphatically laid down that the use of credit risk control measures in selecting counterparties with high credit worthiness to place on an approved counterparty list must be a normal and minimum part of day to day treasury management for all local authorities and public bodies.

The Council will use credit criteria in order to select creditworthy counterparties for placing investments with. Credit ratings will be used as supplied by the Council's external treasury management advisors, combining ratings from Fitch, Moody's and Standard and Poor's.

However, sole reliance will not be placed on credit ratings. Professional advice will be taken from the Council's external treasury management advisors on which institutions present the minimum level of risk to the authority. This analysis may include other criteria to determine creditworthiness; for example sovereign ratings and/or credit default swap spreads. These recommendations will form the Council's minimum levels of acceptable credit quality.

Where sovereign ratings are used to determine counterparty eligibility, the lowest common denominator approach is applied, which uses the lowest minimum acceptable credit rating from any of the three rating agencies

The Council is alerted to changes in credit ratings, and other relevant data such as rating watches, alerts or outlooks through its use of the creditworthiness service of its external treasury management advisers. Any changes to ratings are notified to the authority immediately and action is then taken to immediately remove them from or add them to the list as appropriate.

The Council will also use other independent external data - for example from market data and information, the quality financial press, information on government support for banks, and the credit ratings of that government support - to further inform its assessment of the financial standing of counterparties on its approved list.

High credit quality will be as defined in the Council's Treasury Management Strategy.

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 maximum value for any single investment transaction will be £10m.

The maximum level of investment with any counterparty, or group of counterparties will be £20m.

Maximum limits may be temporarily exceeded by small amounts and for very short periods in circumstances where interest is added by the counterparty to the principal investment amount, for example in the case of some call and deposit accounts. In such instances the interest amounts will be withdrawn back to the Council's main bank account as soon a reasonably practicable.

Any proposals for adjustments to these maximum lending limits required to enable the effective management of risk in relation to investment will be submitted to Chief Finance Officer for approval and subsequently reported to Cabinet.

Diversification will be achieved through the use of both UK and overseas counterparties and the application of the maximum investment levels. The maximum percentage of the portfolio that may be placed with overseas counterparties at any one time is 50%.

For the purposes of setting limits, institutions within the same banking group (eg Lloyds Banking Group) will be treated as a single counterparty.

The criteria in place to determine inclusion in the Council's current lending list will be reported as part of the Annual Investment Strategy. This will not limit the Chief Finance Officer's discretion to make temporary or other changes, so long as all investments are in line with the Council's minimum levels of credit risk and the requirements set out above under specified or non-specified investments.

2) Liquidity risk management

Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business or service objectives will thereby be compromised.

Money market investments will be placed with a view to maturity dates which correlate to cashflow needs for the discharge of the Council's liabilities.

Sufficient levels of cash deposits will be kept available in liquid accounts (such as deposit accounts and Money Market Funds), to meet short-term cashflow needs. 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 £200k 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.

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. The Council's policy on borrowing in advance of need is set out at Section 3 of the Council's Treasury Management Strategy. Any such borrowings will be invested within the rules of the Council's agreed investment and counterparty policies.

3) Interest rate risk management

Interest rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself.

The upper limits for fixed and variable interest rate exposures in respect of net external debt are set each year by the Council as treasury indicators, in accordance with the Local Government Act 2003 and the associated regulatory framework. These are set out in the Council's Annual Treasury Management Strategy.

The Council will not use hedging tools such as derivatives to manage exposures to interest rates or exchange rates.

4) Exchange rate risk management

Exchange rate risk is the risk that fluctuations in the levels of foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself.

The Council will only enter into loans and investments that are settled in £ sterling.

The Council will not use hedging tools such as derivatives to manage exposures to interest rates or exchange rates.

5) Refinancing risk management

Refinancing risk management is the risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Council for those refinancings, both capital and current (revenue) and/or that the terms are inconsistent with prevailing market conditions at the time.

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 advice of the Council's external treasury management advisers and the express approval of the Chief Finance Officer.

6) Legal and regulatory risk management

Legal and regulatory risk is the risk that the Council, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

The Council is mindful that 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
- 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
- CIPFA Prudential Code for Capital Finance in Local Authorities - 2011 Edition
- CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes - 2011 Edition
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities – 2011 Edition
- CLG Guidance on Minimum Revenue Provision (2010)
- CLG Guidance on Local Authority Investments (2010)

As well as the statutory and regulatory documents listed above, regard will be had to other relevant statute and guidance - e.g. as relating to money laundering (see Schedule to TMP 9)

In terms of good practice, the Bank of England introduced a revised Non-Investment Products Code (NIPs Code), which was drawn up by a wide cross-section of market practitioners, in April 2009. The NIPs Code, which is market guidance, has no statutory underpinning; and there are no arrangements for supervision or enforcement. CIPFA commends the NIPS Code to its members as good practice to which they should adhere.

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 (See Schedule to TMP 10).

Legal and regulatory risks associated with other organisations with which the Council deals in its treasury management activities are managed through counterparty risk management policies.

7) Fraud, error and corruption, and contingency management

This is the risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

Officers involved in treasury management are explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council. 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 Resources, 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) The Head of Finance and Resources has the authority, together with the CFO and other senior officers nominated by the CFO, including the Assistant Heads of Finance, and the Finance Managers, but excluding the Finance Manager (Treasury), 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 temporary cash balances.

Neither the CFO, the Head of Finance and Resources, the Assistant Heads of Finance, nor the other Finance Managers, other than the Finance Manager (Treasury), nor any other persons nominated to release funds from the Council's bank account, are authorised to enter into transactions with brokers or directly or indirectly with counterparties for the investment or lending of any monies.

The Head of Finance and Resources has the authority, together with the CFO and other senior officers nominated by the CFO, including the Assistant Heads of Finance, and the Finance Managers, to act as systems administrator for the Council's on-line banking system HSBCnet.

(iii) The Finance Manager (Treasury) FMT has been nominated as the Operational Manager and is responsible for managing the overall treasury function and ensuring that at all times there is compliance with the Council's Schedules to the Treasury Management Practices (TMPs).

The FMT is empowered to conclude deals with brokers or directly or indirectly with counterparties for the investment and lending of monies on behalf of the Council within the conditions and criteria set out within the Schedules to the TMPs.

The FMT has the authority, together with the Head of Finance and Resources, and the Assistant Head of Finance, to undertake borrowing from the PWLB or through money brokers on the documented approval of the CFO and being satisfied that all procedures have been complied with.

Neither the FMT, 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 Assistant Accountant in the Capital & Treasury Team (AA) is responsible for maintaining the Council's cashflow and investment records, for preparing paperwork relating to investments and other treasury activity and for collecting information on the investment rates on offer in order for investment decisions to be made

The Assistant Accountant in the Capital & Treasury Team (AA) is empowered to conclude deals directly or indirectly with counterparties and, in the absence of the Finance Manager (Treasury), with brokers for the investment and lending of monies on behalf of the Council within the conditions and criteria set out within the Schedules to the TMPs.

The AA is empowered to execute transactions, on the Council's on-line banking system or by whatever means appropriate, to repay monies borrowed or to invest temporary cash balances. All such transactions will require authorisation from the Head of Finance and Resources or other senior officers nominated by the CFO, including the Assistant Heads of Finance, and the Finance Managers, but excluding the Finance Manager (Treasury),

The AA will also carry out day to day administrative tasks associated with the daily treasury activity, including preparation and input of journals on to the financial systems.

The CFO will authorise cover staff from within the Finance Section to cover the functions of the AA in his or her absence.

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.

A schedule will be maintained by the FMT of all officers currently nominated for each level of delegation set above.

Internal Audit

The treasury management function will be the subject of an internal audit review on a regular basis as determined in the audit plan, and full and free access to all records will be given.

The review will cover the design and operating effectiveness of key controls in place relating to treasury management. This will include:

- Obtaining an understanding of treasury management through discussions with key personnel and review of systems documentation
- Identifying the key risks relating to treasury management
- Evaluating the design of the controls in place to address the key risks
- Testing the operating effectiveness of the key controls.

Dealing procedures

All dealing activities will be carried out in line with the Council's documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Management Strategy.

The AA is responsible for maintaining a schedule of procedure notes, and ensuring that these are made available to all relevant personnel.

All procedure notes will be assigned to a nominated individual who is responsible for reviewing and updating them on a regular basis.

Emergency and contingency planning arrangements

A business continuity plan is maintained by the FMT in the format prescribed by the Council in its Risk Management Strategy. This is backed up by detailed procedure notes. Both the plan and the procedure notes are reviewed and updated at least annually or more frequently if circumstances change.

The plan covers the treasury management functions listed below, which are carried out or reviewed on a daily basis, and are considered to be level 2 critical functions.

- The daily management of the Council's cash flow and bank balances
- The placing and recovery of investments
- Transfers to and from deposit accounts and money market funds
- Transfers between the Council's bank accounts
- CHAPS payments
- Stopped cheques

Other treasury management functions, not set out above, are not considered to be critical functions according to the agreed criteria, and are not included in this business continuity plan

Insurance cover details

Fidelity guarantee insurance cover is in place as required by law and officials' indemnity insurance is also held by the Council.

8) Market Risk Management

Market risk management is the risk that, through adverse market fluctuations in the value of principal sums that the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Council may obtain benefits, such as increased returns or greater counterparty diversity, by investment in products that are subject to fluctuations in market value where these are entered into at a level of risk to the security of capital that is in line with the Council's risk appetite. In order to achieve this any such investments must be undertaken and managed within clear defined parameters.

The Council holds investments in Money Market Funds. These funds do not have a capital guarantee and therefore there is a risk of a principal loss. However, since MMFs operate on the principle of placing capital preservation and high liquidity above yield, and also have a high diversified counterparty base of high credit quality, the risk of capital loss is very low.

The Council holds investments in the form of certificates of deposit (CDs). These are negotiable instruments which can be purchased in the primary market, and also bought or sold in a secondary market. Purchase from the primary market and holding to maturity preserves the capital value of the initial investment. However, trading in a secondary market may give rise to fluctuations in capital value.

The CFO may authorise the use of additional types of investment subject to fluctuations in market value, such gilts or treasury bills, subject to these being specified investments, or non-specified investments approved in the treasury strategy for use in the current financial year. For each investment type a risk assessment will be undertaken and procedures and limits for controlling exposure will be put in place.

TMP 2 PERFORMANCE MEASUREMENT

1) Evaluation of treasury management decisions

Performance reporting to management

Monthly treasury management meetings are held to review the previous month's treasury activity and to plan for the following month and beyond. The meeting is attended by:

- Head of Finance and Resources
- Assistant Head of Finance
- Finance Manager (Treasury)
- Assistant Accountant in the Capital & Treasury Team

The minutes and performance data arising from each meeting are reported to the Chief Financial Officer to provide regular management information on treasury management operations and performance.

The terms of reference for the meeting are as follows:

1. To record and review treasury management performance data

2. To discuss and agree or recommend actions pertaining to:

   a) Investment issues
   b) Debt issues
   c) Prudential Indicators
   d) Debt financing budget
   e) Treasury management strategic issues
   f) Treasury management processes and procedures
   g) Bank contract
   h) Business continuity and contingency arrangements

3. To report upwards to the Head of Finance and Resources and the Chief Financial Officer, by means of:

   a) Performance data
   b) Documented decisions and action points

Corporate performance targets are set annually as part of the Finance Service Plan, and these are reported monthly to management through the Corporate Performance Reporting process, using the Councils Performance Plus reporting tool. These are 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.

In addition to the minuted monthly meetings, regular Section 151 treasury management update meetings are held during the year with the Council's Chief Finance Officer to discuss key strategic treasury issues. These are attended by the Head of Finance and Resources, the Assistant Head of Finance and the Finance Manager (Treasury).

Performance reporting to Cabinet and Council

Treasury management performance will be reported to Cabinet and Council at least twice each year, as follows:

The annual Treasury Management Mid Year report will be submitted to Council by 31 January before the financial year-end. The report will cover:

- Treasury activities undertaken
- Variations (if any) from agreed policies and practices
- Treasury performance to 30 September
- Monitoring information
- Monitoring of treasury management indicators and prudential indicators

The annual Treasury Management Outturn report will be submitted to Council by 30 September following the year-end. The report will cover:

- Transactions executed and their revenue (current effects)
- The risk implications of decisions taken and transactions executed
- Compliance with agreed policies and practices and with statutory and regulatory requirements
- Treasury performance
- Compliance with the latest CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes
- Monitoring of treasury management indicators and prudential indicators

Council will also receive an annual prudential indicator setting report in line with the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities (Fully revised second edition 2009)

In addition to the above Cabinet will receive regular debt financing budget monitoring information, which is prepared and presented to Cabinet as part of the Council's overall revenue budget monitoring cycle.

2) Testing value for money

Banking services are re-tendered at least once every five years to ensure that the level of service reflects changing practices and represents value for money. 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 sometimes uses money broking services in order to make deposits or to borrow. A minimum of two money brokers are used in order to compare the rates offered. The standard of service provided is monitored on an ongoing basis.

3) Benchmarking

The Council completes and submits 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 has a contract with Sector Treasury Services for Investment benchmarking services. Benchmarking reports are provided to the Council on a quarterly basis, and the Council has the opportunity to attend half yearly forum meetings with neighbouring authorities. This contract is kept under review to ensure that it continues to be useful to the Council.

Funding, borrowing, lending and new instruments/techniques

Records to be kept

For each **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 CLG returns)
- Borrowing and lending limits
- Maximum investment periods

For each **broker** with which 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:

- NBC reference
- Counterparty details
- Principal amount
- Transaction type
- Value date
- Repayment date, if fixed
- Initial interest rate
- Broker, if applicable
- Interest amount, if fixed

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 data will be maintained:

- NBC reference
- Counterparty details
- Principal amount

- Start and maturity dates
- Repayment method and period
- Interest rate and amount
- Interest payment dates
- Method of interest payment
- Supporting data in respect of the purpose of the borrowing and the extent to which it is for General Fund or HRA purposes

Processes to be pursued

All dealing activities will be carried out in line with the Council's documented procedures and having regard to the conditions and criteria set out in the Schedules to the TMPs and the Treasury Management Strategy.

The AA is responsible for maintaining a schedule of procedure notes, and ensuring that these are made available to all relevant personnel.

All procedure notes are assigned to a nominated individual who is responsible for reviewing and updating them on a regular basis.

Issues to be addressed

The Council's Financial Regulations delegates responsibility for the implementation and regular 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 Resources, who is also the Council's Chief Finance Officer (CFO).

Operational treasury management decisions have been further delegated to other staff as set out in the Schedule to TMP 5 (Section 4 Duties and Responsibilities).

In respect of every decision made the CFO and the Council's treasury management staff 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.

In respect of borrowing and other funding decisions the CFO and the Council's treasury management staff will:

- Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets
- 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.

In respect of investment decisions the CFO and the Council's treasury management staff will:

- Consider the optimum period for investment, 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 TMP 1 (Section 7 Fraud, error and corruption, and contingency management).

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

1) Approved activities of the treasury management operation

Approved activities of the Council's treasury management function include:

- Cash flow management
- Money market and other approved investments
- Use of external deposit and call accounts and money market funds
- Treasury related banking activities
- Borrowing
- Debt repayment and rescheduling
- Risk management of treasury management activities
- Developing treasury policy and Treasury Management Strategy
- Reporting on treasury management activities

2) Approved instruments for investments

Under the Local Government Act 2003 the Council is required to have regard to the CLG revised Guidance on Local Government Investments (2010) and CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (2011 edition) and Guidance Notes for Local Authorities (2011 edition).

In accordance with the CLG revised 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 – broadly, sterling investments, not exceeding 364 days and with a body or investment scheme of high credit quality.
- Non-specified investments – do not satisfy the conditions for specified investments.

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. A long term investment is defined as any investment other than (a) one which is due to be repaid within 12 months of the date on which the investment was made, or (b) one which the local authority may require to be repaid within that period.
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 3146 as amended)

- The investment is made with a body or in an investment scheme of high credit quality; or with one of the following public sector bodies:
  (i) The United Kingdom Government
  (ii) A local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland
  (iii) A parish council or community council.

High credit quality is as defined in the Council's Treasury Management Strategy at Appendix F (Section 16)

The following types of instruments may fall into the category of specified investments where they have a maturity of less than one year (i.e. 364 days or less) and the counterparty meets the Council's definition of high credit quality

- Gilts
- Treasury Bills
- Term deposits with local authorities and banks and building societies with a high credit quality
- Certificates of deposit with banks and building societies with a high credit quality
- 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 banks and building societies with a high credit quality (negotiated deal period plus period of deposit must be less than 364 days)
- Commercial paper
- Gilt funds and other bond funds

However caution must be exercised. Any investment product that takes on greater risk should be subject to greater scrutiny and justification, and will fall into the category of non-specified investments. The greater risk may be by virtue of unfamiliarity on the part of the Council's treasury management staff.

Non-specified investments

Non-specified investments include those listed above with a maturity of one year or longer, together with investments made with a body or scheme that does not have a high credit quality as defined in the Council's Treasury Management Strategy.

In addition, any investment product that takes on greater risk should be subject to greater scrutiny and justification, and will fall into the category of non-specified investments.

3) Investments methods and techniques

The Council may enter into any type of investment instrument categorised as a specified investment, as listed above.

The majority of the Council's investments 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 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.

Investments, with the exception of those to other local authorities and the UK Government, 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 rating by the Council's external treasury advisors.

Only counterparties in the Council's current lending list, using the criteria determined by the Chief Financial Officer and set out at the Schedule to TMP 1 and in the Annual Treasury Management 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 Management Strategy.

The Council may make loans to third parties for the purpose of capital expenditure as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146).

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.

The main source of local authority borrowing is through Public Works Loans Board (PWLB) loans. Money market loans may be also used, including LOBOs (Lenders Option, Borrowers Option).

Local authorities may also raise funds through bonds or private placements, although this would normally only take place where significant levels of borrowing are required, in excess of £25m. Nationally there is some interest in setting up a local authority collective agency for the raising of funds through bonds, which could open up the bond market for local authorities in respect of smaller amounts.

Local authorities are also permitted to borrow from each other.

Local authorities are required by the 2003 Act to determine and keep under review limits as to how much money they can afford to borrow. The Council's Authorised Borrowing Limit as set in the Treasury Management Strategy and its Treasury Indicators must not be exceeded.

Regard must be had to the contents of TMP 9 (money laundering).

5) Borrowing methods and techniques

Long-term borrowing

All long-term borrowing requires the express approval of the Chief Finance Officer, who will 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.

Long-term borrowing will usually take the form of loans from the Public Works Loans Board (PWLB) or from the market, including LOBO loans. Other forms of borrowing such as bonds or private placements may be considered if appropriate.

PWLB loans are arranged directly with the PWLB, using their standard application procedures. Money market loans are arranged via a money broker.

Advice from the Council's external treasury advisers will be sought and documented before entering into any long-term loan arrangements.

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 two local organisations.

The CFO may also authorise the taking of short-term deposits under mutually agreed and documented terms from other local not for profit 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 Management Strategy.

6) Derivatives

Recent legislative changes suggest that local authorities may now be able to use hedging tools such as derivatives to manage exposures to interest rates or exchange rates, although they should seek legal advice as to the legality of entering into such transactions. If the authority wishes to use such instruments, it should be clear about its policies in its annual strategy. It should only use such instruments for the prudent management of its financial affairs and should fully understand the instruments and the risks it is managing.

The Council will not use hedging tools such as derivatives to manage exposures to interest rates or exchange rates.

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:

- Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services
- Approval of the Treasury Management Policy Statement
- Approval of the Treasury Management Practices (TMPs) and TMP Schedules
- Approval of the annual Treasury Management Strategy
- Setting and monitoring of the prudential and treasury indicators.
- Approval of reports on treasury management policies, practices and activities.
- Approval of the debt financing budget as part of the annual budget setting process

Cabinet

The Cabinet is responsible for the following:

- Consideration of the all of the above and recommendation to Council
- Receiving monitoring information on the debt financing budget as part of the in year budget monitoring process.
- 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

Audit Committee

Audit Committee is the body responsible for scrutiny and will have responsibility for the review of treasury management policy and procedures, the scrutiny of all treasury management reports to Cabinet and Council, and for making recommendations to Cabinet and Council.

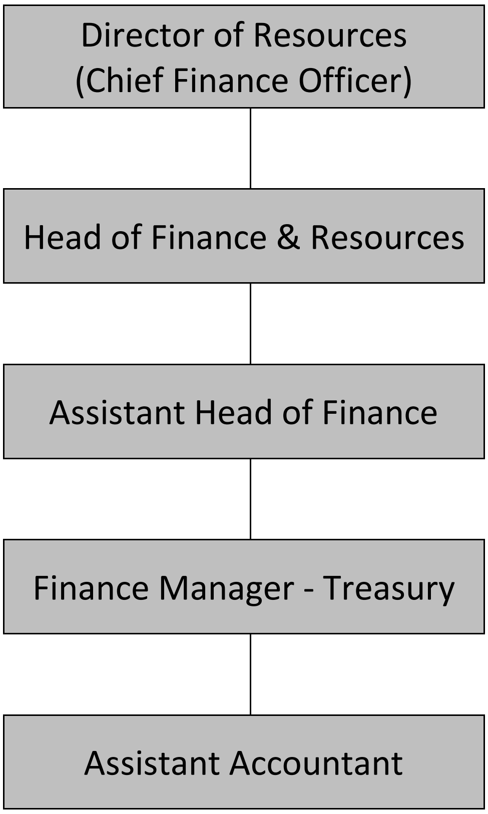
2) Segregation of duties

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 electronic systems. Most importantly this includes the Council’s online banking system, HSBCnet, which is used to make electronic CHAPS payments and transfers between the Council’s bank accounts. The on-line portal (Sungard)l used for Money Market Fund transactions is also set up with segregation of transaction input and authorisation.

See the Schedule to TMP 1 for a full description of the levels of delegated responsibility and separation of duties designed to restrict opportunities for fraud, error and corruption.

3) Organisation chart

The current structure of the Council's treasury division is set out below.



4) Duties and responsibilities

Officers involved in treasury management are explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council.

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 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 Resources 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 14 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 (as amended)

These statutory duties are set out in more detail in the Council's Financial Regulations.

The Council's Financial Regulations delegates responsibility for the implementation and regular 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 Treasury Management in the Public Services: Code of Practice and Guidance Notes.
- Ensuring that the annual Treasury Management Strategy Report, the Mid Year Treasury Management report and the annual Treasury Outturn Report are submitted to Council via Cabinet (See Schedule to TMP 6),
- Reviewing the performance of the treasury management function and promoting value for money.
- 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.
- Recommending 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.

Head of Finance and Resources/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 treasury management staff.

The post holders attend the Council's monthly treasury management meetings and the regular Section 151 treasury management update meetings. (See Schedule to TMP 2)

Operational Manager

The Finance Manager (Treasury) (FMT) 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, and the Council's Treasury Management Strategy.
- Reviewing treasury management policies and practices and submitting proposals for changes, as appropriate, to the CFO.
- Drafting, for the consideration of the CFO, all treasury management and prudential indicator reports to Cabinet and Council.
- Preparing an annual debt-financing budget for consideration, taking all relevant factors into account, and ensuring that the debt-financing budget is monitored as part of the Council's budget monitoring process, reporting all significant deviances to the CFO.
- Providing such reporting information, as determined by CFO, to enable her to fulfil her obligations as the Responsible Officer.
- 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.
- Supervising treasury management staff.
- Ensuring that the treasury management team, and other staff undertaking treasury functions, receive such training as is required for them to undertake their respective functions.
- Holding monthly treasury management meetings including a review of performance data.
- Holding regular treasury management strategy meetings with the CFO
- Ensuring that sufficient information is available at all times to satisfy internal and external audit requirements, and liaison with internal and external auditors.
- Maintaining relationships with counterparties and external service providers.
- The arrangement of transactions.
- Authorising of journals relating to treasury management activities

Assistant Accountant (AA)

The Assistant Accountant (AA) will operate as the Council's Treasury Manager and be responsible for:

- The arrangement of transactions
- The execution of transactions.
- Adherence to agreed policies and practices on a day to day basis.
- Maintaining relationships with counterparties and external service providers.

- Ensuring that all loans received and investments repaid have been received into the Council's bank account.
- Entering and arranging approvals for all CHAPS payments via HSBCnet.
- 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 others.
- Keeping the Operational Manager informed of all matters relating to his or her responsibilities.
- Identifying opportunities for improved practices.
- Preparation of the necessary documentation (letters, loan receipts etc) 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.
- 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.
- Preparing and inputting journals relating to treasury management activities
- Preparing weekly and monthly reconciliations and performance data.

Internal Audit

The treasury management function will be the subject of an internal audit review on a regular basis as determined in the audit plan and full and free access to all records will be given.

The review will cover the design and operating effectiveness of key controls in place relating to treasury management. This will include:

- Obtaining an understanding of treasury management through discussions with key personnel and review of systems documentation
- Identifying the key risks relating to treasury management
- Evaluating the design of the controls in place to address the key risks
- Testing the operating effectiveness of the key controls.

5) Cover arrangements and business continuity

A dealer and two authorisers must be available on every working day to undertake cashflow and treasury management activities. In order to meet this need a sufficient number of nominated officers at an appropriate level are trained and set up to provide cover arrangements.

A schedule is maintained of all individuals with responsibilities for dealing and authorisation. The schedule is reviewed and updated or confirmed each month at the monthly treasury management meeting to ensure that adequate cover arrangements remain in place for essential activities.

A business continuity plan is maintained by the FMT in the format prescribed by the Council in its Risk Management Strategy. This is backed up by detailed procedure notes. Both the plan and the procedure notes are reviewed and updated at least annually or more frequently if circumstances change.

6) Dealing limits

The Chief Finance Officer is responsible for formulating suitable criteria for assessing and monitoring the credit risk of investment counterparties and constructing a lending list comprising time, type, sector and specific counterparty limits. This is carried out with reference to the creditworthiness advice given by the Council's external treasury advisors. The criteria and limits are set out at TMP 1 (Section 1 Credit and counterparty risk management), TMP 4 (Section 2 Approved Instruments for Investment) and in the Treasury Management Strategy (Section 18 Counterparties).

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. Greater use of deposit and call accounts, Money Market Funds and direct dealing have significantly reduced the number of money market investments undertaken through brokers. 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

The Council does not record external telephone calls related to the dealing process.

However firms regulated by the Financial Services Authority (FSA), which include the money brokers used by the Council, are required to keep an accurate, up-to-date record of all trades and transactions. In practice they achieve this through their own recording of telephone conversations between traders and customers.

9) Direct dealing practices

Direct dealing arrangements are 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 TMP 3, above, and the treasury management procedure notes.

12) Management of third party funds

Section 106 Developer Funds

The Council holds funds from developers (Section 106 funds) that are used to fund the Council's capital and revenue expenditure as per the terms of the individual legal agreements. In some instances the legal agreements provide for the funds to be returned to the developer if not used by the Council for the intended purpose after a given period of time. In cases where funds have to be returned, which are exceptional, interest is applied at the rate set out in the legal agreement. The Council declares the maximum liability for interest payable at year-end as a contingent liability in its annual Statement of Accounts.

Temporary borrowing arrangements

Under long established arrangements the Council takes short-term deposits, treated as temporary borrowing, from two local organisations.

Formal agreements are in place for the management of these funds. Interest review dates are quarterly, and the interest rates are set at the Council's average rate for approved investments for the previous quarter, less 0.5% to cover administrative costs.

The CFO may also authorise the taking of short-term deposits under mutually agreed and documented terms from other local not for profit organisations.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

1) Council and Cabinet Reports

A key recommendation of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009) is that the Council's Treasury Management Policy Statement should specify formal reporting arrangements by the responsible officer to full Council, to include at minimum annual reports both before, mid-year and after the year end. These should include the Council's treasury management indicators.

Audit Committee is the body responsible for scrutiny and will have responsibility for the review of all treasury management policies and procedures, the scrutiny of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

Council will receive, via Cabinet, the following reports:

Annual Treasury Management Strategy Report

The Annual Treasury Management Strategy report will be submitted to Council before the start of the financial year, consisting of a review of the Council's approved clauses, Treasury Management Policy Statement and Practices and a strategy report on the proposed treasury management activities for the year.

The latter will incorporate:

(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 CLG revised Guidance on Local Government Investments issued in 2010.

The Treasury Management Strategy will include the following elements:

<u>Capital Financing and Borrowing Strategy</u>

- 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
- Treasury Indicators
- Affordable Borrowing Limit
- Temporary Borrowing
- Overdraft Facilities

Investment Strategy

- Current Investment Portfolio
- Specified/ Non specified Investments
- Investment strategy;
- Counterparties
- Liquidity of Investments
- Bank Base Rate
- Short Term Interest Rates for Investments
- Sensitivity of Forecasts
- Prudential Indicators
- Treasury Indicators
- Treasury Management Advisers
- Investment Training

The annual report will also include:

- The proposed debt financing and debt management 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 Finance Act 1992 to produce a balanced budget

Treasury Management Mid Year Report

The annual Treasury Mid Year report will be submitted to Council by 31 January before the financial year-end. The report will cover:

- Treasury activities undertaken
- Variations (if any) from agreed policies and practices

- Treasury performance to 30 September
- Monitoring information
- Monitoring of treasury management and prudential indicators

Treasury Management Outturn Report

The annual Treasury Management Outturn report will be submitted to Council by 30 September following the financial year-end. The report will cover:

- Transactions executed and their revenue (current effects)
- The risk implications of decisions taken and transactions executed
- Compliance with agreed policies and practices and with statutory and regulatory requirements
- Treasury performance
- Compliance with the latest CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes
- Monitoring of treasury management indicators and prudential indicators

Other reports to Cabinet and Council

In addition to the above Cabinet will receive:

An annual prudential indicator setting report in line with the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities (2011 edition)

Regular debt financing budget monitoring information, which is prepared and presented to Cabinet as part of the Council's overall revenue budget monitoring cycle

Reports to Audit Committee

Audit Committee is the body responsible for scrutiny and will have responsibility for the review of all treasury management policies and procedures, the prior scrutiny of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

2) Reports to the Chief Finance Officer

The following performance reports will be submitted to CFO on a monthly basis along with the action points/minutes from the monthly treasury management meetings.

- 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.

Notifications of changes to counterparty credit ratings are advised to the CFO on a weekly basis with, if applicable, a note of the value of any investments that the Council holds with the counterparty.

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

1) Budgeting arrangements

Working within the overall context of the Council's Medium Term Financial Strategy, the FMT will prepare a three-year medium term financial plan, which will incorporate, for the following three years:

- The debt financing and debt management budget for the forthcoming year and provisional estimates
- The prudential indicators
- The treasury indicators

These will be submitted to Council for approval at their annual budget setting meeting preceding the start of the financial year in, respectively, the Annual Revenue Budget report, the Prudential Indicators report and the Treasury Management Strategy report.

The debt-financing budget will comprise:

- Interest and investment income
- Debt and other financing costs (including MRP)
- Recharges to and from the HRA
- Other recharges

The debt management budget will comprise:

- Staffing numbers and related costs (in the form of recharges)
- Premises and other administrative costs (in the form of recharges)
- Bank and overdraft charges
- Brokerages, commissions and other transaction related costs
- External advisers' and consultants' charges

b) 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 Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice for Local Authorities (SeRCOP) as well as the treasury management specific documents referred to at the Schedule to TMP 1.

c) Information requirements of external auditors

Year-end figures and working papers on the Council's financial instruments, including debt and investment portfolios, will be provided as required for the Council's annual Statement of Accounts in line with the requirements of the latest CIPFA guidance, currently the CIPFA Code of Practice on Local Authority Accounting

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 Finance Manager (Treasury) will prepare high level cash flow projections annually, for the following three years, to prepare the debt financing budgets, as part of the Council's budget setting cycle.

The Assistant Accountant responsible for the day-to-day treasury function will prepare cash flow projections at detailed level for the current year, and, by 28 Feb each year, for the forthcoming year, updated on a daily basis.

The types of information to be included in the cashflow forecasts include the following:

- Details of all BACS runs
- Details of large cheques drawn
- Details of forthcoming Right-to-Buy, Shared Ownership and other property sales
- RSG and NDR receipts and/or payments (from annual schedule)
- 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

Comparisons of forecasts to actual figures will be undertaken in order to improve the accuracy of projections.

2) Overdraft arrangements

The Council has a £200k overdraft facility with its bankers, HSBC Bank, for which an annual fee of £2,000 applies. The overdraft rate applicable to use of the agreed facility is 3% above base rate.

The overdraft facility is only used to cover unforeseen events; usage is kept to an absolute minimum and generally occurs only as a result of events outside of the Council's control; for example, failure by third parties to make agreed payments. The use of the overdraft facility is monitored on a daily basis against a performance target and reported monthly to senior managers through the corporate performance reporting framework.

3) Bank statement Procedures

Electronic bank statement extracts are downloaded daily from the online banking system (HSBCnet) in order to calculate the net cash position and take treasury management decisions on investments or short-term borrowing as necessary.

Electronic bank statements and transaction reports are downloaded and sent to IT for bank reconciliations using the automated Agresso process. The Council's bank reconciliations are undertaken by the Corporate Finance Team.

The Council keeps electronic and/or hard copies of all bank statements

4) Payment scheduling and agreed terms of trade with creditors

The Council's normal settlement terms are 30 days in accordance with local performance indicators (BVPI8). In the current economic climate, and to support local businesses, efforts are being made to make payment to NN1 to NN5 postcodes within 10 days.

Payments are made by BACS wherever possible and payment runs are made daily. BACS is also used for other payment runs, including salaries/wages and housing benefit payments.

Bank details are requested from all new suppliers in order to keep cheque payments to a minimum to reduce costs. New bank details are verified with the supplier prior to use to prevent fraud.

5) Procedures for banking of funds

All income which is received by the Council must be banked promptly. A wide variety of different payment methods are available to customers, as follows:

- Direct Debit
- The Automated Telephone Payment Line
- Internet Payment facility
- Paying over the telephone with the individual department
- Cheque Payments
- E-Return payments
- BACS
- Standing Order

Exchequer Services process cheque payments for Housing Rents, Leaseholders, Garage Rents, Council Tax, Overpaid Housing Benefit, Sundry Debtors Invoices and Business Rates.

There are twenty departments that process E-Returns, These enable departments to directly bank any cheque or cash payments which are made directly to the individual departments. Individual departments which receive income are issued with pay-in books that are specific to their individual area and 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 directly into Agresso, the Council's financial management system.

Northampton Borough Council closed its cash offices in March 2009. Customers wishing to make cash payments can still do so at the 80 Payzone and 20 Post Office locations throughout Northampton. A new contract for third party payments has recently been awarded to Santander with a planned go live date of 1 February 2013.

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 Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering, which apply to all persons in the UK in a personal and professional capacity. The Terrorism Act 2000 also contains provisions in respect of money laundering in the context of terrorist activity.

In December 2007 the government published the Money Laundering Regulations 2007, which replaced previous regulations of 2003. This defines money laundering as an act which falls within section 340(11) of the Proceeds of Crime Act 2002.

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under the Proceeds of Crime Act 2002, but are not legally obliged to apply the provisions of the Money Laundering Regulations 2007. However as responsible public bodies they are expected to employ policies and procedures that reflect the essence of the UK's anti-terrorist financing and anti-money laundering regimes.

It is for individual organisations to evaluate the prospect of laundered monies being handled by them and to determine the appropriate safeguards to be put in place. It is the legal responsibility of every person engaged in treasury management to make themselves aware of their personal responsibilities. However CIPFA recommend that organisations bring them to their staff's attention and consider the appointment of a member of staff to whom they can report their suspicions.

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 at 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 two local organisations.

The CFO may also authorise the taking of short-term deposits under mutually agreed and documented terms from other local not for profit organisations.

3) Other NBC arrangements

Any suspicions of money laundering must be reported immediately to the Head of Finance and Resources in his role as the Money Laundering Reporting Officer.

Training will be provided for treasury management staff on their responsibilities in respect of money laundering (See Schedule to TMP 10)

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, including those with responsibility for governance, are suitably qualified and receive sufficient training to enable them to carry out their functions efficiently, effectively and to a high standard. This has become increasingly evident in the context of the worldwide banking crisis and economic environment of recent years, which has highlighted the growing complexity of treasury management in general, and its application to the public sector in particular.

Training can be achieved in a number of ways. Professional qualifications and specific internal and external training courses are important. Work shadowing and on the job training are also valuable training tools and will be undertaken on an ongoing basis as required. Regular more formal in-house training will also be used. 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 way in which the individual training needs of those involved in the treasury management function at the Council can be met are set out 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.

For the specific treasury responsibilities of each of those listed below, see the Schedule to TMP 5 (Section 4. Duties and responsibilities)

Meeting training needs for treasury management responsibilities

Job Title	CCAB Qualified	AAT Qualified	External Seminars/ Workshops	In-house training	Reading
Cabinet and Audit Committee Members	N/A	N/A	N/A	Yes	Yes
Chief Executive	N/A	N/A	N/A	Yes	Yes
Chief Finance Officer / S151 Officer	Yes	N/A	Yes	Yes	Yes
Head of Finance and Resources	N/A	N/A	Yes	Yes	Yes
Assistant Head of Finance	Yes	N/A	Yes	Yes	Yes
Finance Manager	Yes	N/A	Yes	Yes	Yes
Assistant Accountant	N/A	Yes	Yes	Yes	Yes
Cover for above	N/A	Yes	N/A	Yes	Yes

2) Training Records

Training records will be kept of the training needs of those individuals with roles in the treasury management function, setting out their specific requirements and when and how they have been or will be addressed.

Areas to be covered by training (dependant on role) will include:

- Regulatory framework
- Governance
- Risk management
- Best practice
- Investment
- Borrowing
- Cashflow
- Performance management
- Prudential Indicators
- Budgeting and budget monitoring
- Money laundering
- Local financial systems

3) 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

The Council has relationships with external providers that help support its treasury management functions. In dealing with external providers the Council and its officers are mindful of potential conflicts of interest and of the requirements of the Bribery Act 2011. Details of existing contracts with service providers are set out in the paragraphs below.

1) Banking services

A full retendering exercise for banking services was undertaken during 2009-10 under the ESPO (Eastern Shires Purchasing Organisation) Framework. The new contract was awarded to HSBC Bank Plc and commenced 1 October 2010 with an initial contract period of 3 years and an option to extend for a further year.

The costs of the banking service are provided for in the council's annual revenue budget. Amounts due are invoiced on a monthly basis and paid by direct debit.

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. Greater use of deposit and call accounts, Money Market Funds and direct dealing have significantly reduced the number of money market investments undertaken through brokers. 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 contract commenced 1 April 2010 with an initial contract period of three years to 31 March 2013 and an option to extend for a further year to 31 March 2014.

The costs of the service are provided for in the Council’s annual revenue budget. Payments under the contract are currently based on a fixed fee, payable half yearly in arrears. Additional services are available at rates specified in the contract.

Sector Treasury Services Ltd is also the provider of the Council’s investment benchmarking services.

4) Other external service providers

The Council uses an on-line portal (Sungard Global Network) provided by Sungard Global Execution Services Ltd to arrange transactions on its Money Market Funds. There is no direct charge to the Council for using this service; fees are charged to the investment counterparty.

The Council has access to a custody and dealing service provided by King and Shaxon Ltd, which allows it to invest in a wider range of investment types, including Certificates of Deposit (CDs), Treasury Bills and Gilts. Charges to the Council for using this service are met through a marginal reduction to the investment rate on individual transactions.

TMP 12 CORPORATE GOVERNANCE

1) Arrangements for corporate governance

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 implemented the key recommendations of the CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (2011 edition). This, together with detailed arrangements contained in the Schedules to TMP 1 to 11, is 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 Management Strategy Report
- Mid year Treasury Management Report
- Treasury Outturn Report
- Prudential Indicators Setting Report
- Prudential Indicators Monitoring Reports
- Three Year Revenue Budget Setting Report
- Three Year Capital Programme Report
- Capital Strategy
- Annual Statement of Accounts.

2) Procedures for consultation with stakeholders and representatives of local persons

The Council recognises that it is important to actively involve the community in the decision making process in order to provide good quality services and deliver them well. The Council, aware of its equality duties, will follow local and national guidance (such as the Consultation Toolkit, Best Value Statutory Guidance, etc.) and will also have regard to best practice in relation to consultation.

3) External funds managed on behalf of others

Section 106 Developer Funds

The Council holds funds from developers (Section 106 funds) that are used to fund the Council's capital and revenue expenditure as per the terms of the individual legal agreements. In some instances the legal agreements provide for the funds to be returned to the developer if not used by the Council for the intended purpose after a given period of time. In cases where funds have to be returned, which are exceptional, interest is applied at the rate set out in the legal agreement. The Council declares the maximum liability for interest payable at year-end as a contingent liability in its annual Statement of Accounts.

Temporary borrowing arrangements

Under long standing arrangements, the Council manages deposits from two local organisations. Formal agreements were set up with these organisations from 1st April 2009. 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

The CFO may also authorise the taking of short-term deposits under mutually agreed and documented terms from other local not for profit organisations.

Northampton Borough Council
Treasury Management Strategy 2013-14

Contents

Introduction and Equalities Statement

Introduction

The Council is required to adopt the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes and it is a requirement under that Code of Practice to produce an annual strategy report on proposed treasury management activities for the year.

The Treasury Management Strategy Report incorporates:

(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 CLG revised Guidance on Local Government Investments issued in 2010.

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.

Key Principles

The key principles of the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes are that:

- Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and liquidity when investing funds.
- They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

The Treasury Strategy that follows, and the Council's Schedules to the Treasury Management Practices at report Appendix E are drafted in the context of these principles, as well as the requirements of the four key clauses (report Appendix A), the treasury management policy statement (report Appendix C), and the Treasury Management Practices Main Principles (report Appendix D).

General Fund and HRA

The Council is required to have a clearly agreed policy for attributing income and expenditure and risks between the General Fund and the HRA.

The Council uses a two pool approach to splitting debt between the HRA and General Fund, whereby loans are assigned to either the HRA or the General Fund.

The Council applies the requirements of the CLG Item 8 Credit and Item 8 Debit (General) Determination from 1 April 2012 in recharging debt financing and debt management costs between the HRA and the General Fund. The interest rates to be applied are determined as follows:

Principal Amount		Interest Rate
HRA Credit Arrangements CFR: concession agreements and finance leases		Average rate on HRA credit arrangements
HRA Loans CFR: long term loans (external)		Average rate on HRA external debt
HRA Loans CFR: short term loans payable (under funded CFR)		Average rate on GF external debt/or for formally agreed borrowing from GF resources an agreed PWLB equivalent rate.
HRA Loans CFR: short term loans receivable (over funded CFR)		Average rate on external investments/or for earmarked medium term reserves an actual external investment rate
HRA Cash balances: short term loans payable (cash balances overdrawn)		Average rate on external investments
HRA Cash balances: short term loans receivable (cash balances in hand)		Average rate on external investments/or for earmarked medium term reserves an actual external investment rate

For the purpose of calculating interest rates:

- HRA cash balances are based on the average of opening and closing HRA cash balances.
- HRA CFR external debt is based on actual external debt
- Other HRA CFR balances is based on the mid year position

Debt management costs are charged to the HRA on an apportioned basis that takes into account the weighting of time spent on managing debt and investments respectively.

Risk associated with external loans sit with either the GF or HRA depending on which of these the loan has been earmarked to. This will include interest rate risk, for example the risk of interest rate rises associated with LOBOs.

Similarly, risk associated with any external investment of earmarked medium term HRA reserves sits with the HRA. This will include the risk of impairment, in the event of the failure of a counterparty.

Where risk cannot be earmarked specifically to either the General Fund or HRA, it is apportioned fairly between the two, using relevant available data. For example, in the event of impairment of an investment counterparty, the loss will be apportioned between the two funds based on an estimated proportion of cash balances held.

Equalities Statement

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

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

Capital Financing and Borrowing Strategy

1. Capital Financing

The Council's capital programme is financed by borrowing and by other available sources such as capital receipts, grants, third party contributions and revenue contributions.

Where borrowing is used to finance the Council's capital expenditure this is done under the prudential borrowing regime, with the Council funding the full costs of borrowing from its own revenue resources. This method of funding, sometimes referred to as unsupported borrowing, is particularly suitable for 'spend to save' schemes, where the financing costs of borrowing can be funded from revenue savings. However lack of capital resources means that it may also be used for other essential capital schemes where no other resources can be identified. As the repayment of principal is spread over the life of the asset it is most suitable for financing capital assets with long useful economic lives.

Government supported borrowing, where the government provides revenue support to meet some of the costs of repayment of principal and interest, is no longer available for new borrowing, having largely been replaced by grant funding.

The Council also makes use of operating and finance leases to fund some types of expenditure where these offer better value for money than straightforward purchase and capital financing. Examples of the types of assets that might be leased are IT equipment and office furniture.

The accounting treatment for operating and finance leases is very different. The annual costs of operating leases are treated as revenue expenditure in the accounts and are not included in the Council's capital programme. In contrast, finance leases have to be treated as capital expenditure items in the Council's accounts. Changes to accounting regulations mean that leases are increasingly being classified as finance leases.

2. Existing Borrowing

Existing borrowing to fund capital expenditure stands at £216m. The total value of HRA long-term external loans is £193m, corresponding to the March 2012 settlement payment to the CLG. The total amount of GF long-term external loans is £23m.

The following tables illustrate the debt type and maturity profile of existing borrowing as at 31 January 2013.

Analysis of Outstanding Long Term Debt as at 31 January 2013				
Type of Loan	**Principal £000**	**Proportion of Debt %**	**Range of Interest From %**	**To %**
Public Works Loan Board	190,000	88%	1.24%	3.97%
Money Market LOBO Loans	24,600	11%	4.85%	7.03%
Homes and Communities Agency*	1,170	1%	9.25%	9.25%
Total	**215,770**	**100%**		

Analysis of Outstanding Long Term Debt between HRA and GF as at 31 January 2013		
	Principal £000	**Proportion of Debt %**
HRA	193,000	89%
General Fund	22,770	11%
Total	**215,770**	**100%**

Long Term Debt Maturity Profile as at 31 January 2013			
Time Frame: Within -	**Year**	**Principal £000**	**Proportion of Debt %**
Within 12 months	2013-14	24,600	11%
1 -2 years	2014-15	22	-
2-5 years	2015-16 to 2017-18	10,080	5%
5-10 years	2018-19 to 2022-23	15,191	7%
10 - 20 years	2023-24 to 2032-33	40,758	19%
20 - 30 years	2033-34 to 2042-43	119	-
30 - 40 years	2043-44 to 2052-53	-	-
Over 40 years	2053-54 onward	125,000	58%
Total		**215,770**	**100%**

The figures exclude the HCA annuity principal due within one year, as this is treated as short term borrowing in the accounts.

The Treasury Management Code of Practice Guidance Notes requires that maturity should be determined by the earliest date on which the lender can require payment, which in the case of LOBO loans is the next break period. The Council's three LOBO loans are therefore shown above as maturing within the next 12 months. However in the current low interest rate environment the likelihood of the interest rates on these loans being raised and the loans requiring repayment at the break period is extremely low.

3. New Borrowing

The Council has access to Public Works Loan Board (PWLB) loans for its long term borrowing needs. Loans, including LOBO loans, may also be available from major banks via the money market, depending on market conditions, and these may be considered when they offer better value for money than PWLB loans.

Other forms of borrowing such as bonds or private placements, either acting alone or through a collective agency, may be considered if appropriate.

Decisions on the timing and type of borrowing are taken in consultation with the Council's external treasury management advisors.

In terms of the Council's normal business activity, 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. The Council's policy on borrowing in advance of need is that this will not be undertaken purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

The Council will:

- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- Ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- Consider the merits and demerits of alternative forms of funding
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

General Fund capital expenditure funded by borrowing has been given close consideration in order to reduce the impact on the revenue budget, and the Council's new borrowing needs can be managed within the constraints contained within the medium term financial strategy.

Existing GF debt totalling £17.6m will mature during the next three years; £15.6m in 2014-15 and £2m in 2016-17. Current budget assumptions are that on maturity these loans will be replaced with new 10 year PWLB maturity loans. However consideration will be given to funding some or all of the amounts from cash balances. The decision will be made at the appropriate time with reference to the prevailing market conditions and the Council's cash balances. Advice will be taken from the Council's treasury management advisers.

For new capital expenditure projects financed by borrowing it is anticipated that the borrowing requirement for the next three years will be met from internal rather than external borrowing – i.e. from cashflow surpluses.

4. Minimum Revenue Provision (MRP)

The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008, which came into force in February 2008, requires local authorities to make 'prudent provision' for the repayment of its General Fund debt. This debt repayment is known as the Minimum Revenue Provision (MRP).

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 for which the borrowing has been carried out.

Since 2007-08 the Council has 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 2008 regulations, to prepare an annual statement of their policy on making MRP for submission to Council. The Council's policy statement on MRP for 2013-14 is set out in the following paragraphs.

> *The Council has implemented the 2008 CLG Minimum Revenue Provision (MRP) guidance from 2008-09 onwards, and assessed their MRP from 2008-09 onwards 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 from 2008--09 onwards 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.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner that reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Council will seek to spread MRP charges prudently in relation to asset lives, and with regard to the revenue impact of MRP charges. Where prudent to do so, capital receipts will be used to repay borrowing previously taken out in relation to assets with a short life. MRP on residual debt will be based on the lives of the remaining asset for which borrowing was undertaken.

MRP will be charged from the financial year after the asset comes into use. In cases where the Council has approved the use of capital receipts to fund the asset, this funding will be assumed when the receipt is contractually certain, even if not actually received. In such cases no MRP charge will be made.

Where finance leases are held on the balance sheet, the MRP will be set at a charge equivalent to the element of the annual lease charge that goes to write down the balance sheet liability, thereby applying Option 3 in a modified form.

The Council will take advantage of any transitional arrangements introduced to minimise or negate the impact of retrospective accounting adjustments as a result of the transfer to the balance sheet of finance leases previously treated as operating leases under the introduction of IFRS.

Applying the policy as set out above, GF MRP for the next three years (including finance leases) is estimated at:

General Fund	**2013-14 £000**	**2014-15 £000**	**2015-16 £000**
Minimum Revenue Provision	1,002	1,086	1,125

The Housing Revenue Account is not subject to a mandatory MRP charge.

Local Authority Mortgage Scheme

For authorities who participate in LAMS using the cash backed option, the mortgage lenders require a five year deposit from the local authority to match the five year life of the indemnity. The deposit placed with the mortgage lender provides an integral part of the mortgage lending, and is treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The deposit is due to be returned in full at maturity, with interest paid either annually or on maturity. Once the deposit matures and funds are returned to the local authority, the returned funds are classed as a capital receipt, and the CFR will reduce accordingly. As this is a temporary (five years) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application.

5. Borrowing Requirement

The Council's long-term new borrowing requirement for the next three years from 1 April 2013 is estimated at:

Long Term Borrowing Requirement Forecast	2013-14 £000	2014-15 £000	2015-16 £000
New borrowing to cover new capital expenditure	3,048	1,000	1,000
Replacement of loans maturing in year	0	15,600	2,000
Less			
Repayment of loans maturing in year	0	(15,600)	(2,000)
Debt repayment (MRP)	(1,002)	(1,086)	(1,125)
Total new borrowing/(provision for debt repayment)	**3,039**	**(86)**	**(125)**

6. Debt Rescheduling

As is the current practice, the debt portfolio will be kept under review throughout 2013-14 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.

Changes to accounting regulations and to the structure of PWLB rates in recent years, together with the current interest rate market mean that rescheduling opportunities for the Council's PWLB loans are very much more limited than in the past, but decisions will be based on appropriate advice from the Council's external treasury management advisers. Current advice is that current interest rate profiles do not offer suitable opportunities for rescheduling. Any debt rescheduling will be reported to Cabinet at the meeting following its action

LOBO loans of £15.6m are due for repayment in 2014-15. The Council does not have the option to repay or reschedule these before the due date unless the lender opts to increase the interest rate. Repayment at maturity will be funded from internal borrowing, new loans, or a combination of both.

7. Long Term Interest Rates for Borrowing

Interest rates on offer for PWLB and Money Market loans fluctuate daily according to market conditions, and in accordance with movements on the gilt market.

From November 2012, PWLB have introduced a 'certainty rate' for local authorities that supply specified data about their borrowing plans to the CLG on an annual basis. This rate is set at 20 basis points below the PWLB standard new loan rate. Northampton Borough Council has access to loans at the new certainty rate.

The table below illustrates the forecast PWLB rates to March 2016. The forecasts are as provided by Sector Treasury Services Ltd at 14 January 2013.

Forecast Long Term Borrowing Rates - PWLB Maturity Loans		10 Years %	25 Years %	50 Years %
2013-14	June 2013	2.50	3.80	4.00
	Sept 2013	2.60	3.80	4.00
	Dec 2013	2.60	3.80	4.00
	March 2014	2.70	3.90	4.10
2014-15	June 2014	2.70	3.90	4.10
	Sept 2014	2.80	4.00	4.20
	Dec 2014	3.00	4.10	4.30
	March 2015	3.20	4.30	4.50
2015-16	June 2015	3.30	4.40	4.60
	Sept 2015	3.50	4.60	4.80
	Dec 2015	3.70	4.80	5.00
	March 2016	3.90	5.00	5.20

8. Sensitivity of Forecasts

In a normal interest rate environment the main sensitivities of the forecast and appropriate responses are likely to be the two scenarios below.

- 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 remains very subdued and uncertain at the present time.

No external borrowing is currently planned to support new capital expenditure in the next three years. Although borrowing rates are currently at extremely low levels, given the Council's capital financing requirement and low level of borrowing need and its high levels of cash balances, it is more prudent to use cashflow balances to fund internal borrowing in the current environment of low investment returns. This is on the advice of the Council's treasury advisers, taking into account the Council's debt position and capital financing requirements.

Around 11% of the Council's existing long-term debt is in the form of Money Market LOBO (Lenders Option, Borrowers Option) loans. Officers consider that the risk of interest rate rises at break points on these loans is very low in the current interest rate environment.

Officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts.

9. Borrowing Strategy

Internal borrowing is the management of cash flows, using funds from maturing investments within the financial year, to finance capital programme expenditure. As long term borrowing rates are currently higher than rates on investment income and look likely to remain so in the short term, this is a viable strategy. The running down of investments also has benefits of reducing exposure to interest rate and credit risk.

External borrowing takes place when the Council borrows money from PWLB or the money markets. Once the affordability of external borrowing to finance capital programme funding requirements has been established and the balanced capital programme and revenue budgets approved, decisions about when to borrow are driven by the forecasts on interest rates. Advice is sought from the Council's treasury management advisors before entering into any long-term loan arrangements

All long-term external borrowing requires 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.

There are benefits and risks to the use of internal and external borrowing. In the current interest rate environment these are as follows:

- Over the next three years, investment rates are expected to be below long term borrowing rates and so value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt. This would maximise short-term savings.
- However, short term savings by avoiding new long term external borrowing must also be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing until later years when long term rates are forecast to be higher. Particular regard should be made to this factor in the current market, as interest rates on PWLB borrowing are at historic lows.

Over the three year planning horizon it is felt that the benefits of using internal funding from cash balances for new capital programme expenditure funded by borrowing outweigh the potential risks. This takes into account the Council's capital financing requirement, the level of new borrowing need, the levels of cash balances and the prevailing interest rates.

Replacement of existing borrowing has been budgeted on the assumption that external borrowing in the form of replacement PWLB maturity loans will be taken on maturity. However this will be re-evaluated taking into account all relevant factors at the appropriate time.

10. Prudential Indicators

The proposed prudential indicators that relate to the Capital Financing and Borrowing Strategy are set out below. These are included in a separate report to Cabinet - Prudential Indicators for Capital Finance 2013-14 to 2015-16. Full explanations for each of the indicators can be found in Appendix B of that report.

Gross debt and the capital financing requirement

This is a key indicator of prudence. It is intended to show that debt 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 financing requirement for the current and new two financial years. This demonstrates that the Council's borrowing has only been undertaken for a capital purpose.

Forecast debt for 2013-14 does not exceed the adjusted Capital Financing Requirement, as set out below.

Gross debt and the capital financing requirement	
	2013-14 £000
Gross external debt	216,129
2012-13 Closing CFR (forecast)	216,826
Increases to CFR:	
2012-13	5,118
2013-14	-
2014-15	-
Adjusted CFR	221,944
Gross external debt greater than adjusted CFR	No

Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy.

Authorised limit for total external debt

The proposed authorised limit for total external debt gross of investments for the forthcoming, and following two financial years is:

Authorised Limit for External Debt			
	2013-14 Limit £000	2014-15 Limit £000	2015-16 Limit £000
Borrowing	245,000	245,000	245,000
Other long-term liabilities	5,000	5,000	5,000
Total	**250,000**	**250,000**	**250,000**

Operational boundary for total external debt

The proposed operational boundary for total external debt for the forthcoming, and following two financial years is:

Operational Boundary for External Debt			
	2013-14 Boundary £000	2014-15 Boundary £000	2015-16 Boundary £000
Borrowing	235,000	235,000	235,000
Other long-term liabilities	5,000	5,000	5,000
Total	**240,000**	**240,000**	**240,000**

The borrowing element of the operational boundary has been set with reference to the maximum forecast Capital Financing Requirement (CFR) over the coming three years.

Other long-term liabilities, shown in both tables above, relate to finance leases and other credit arrangements (if applicable).

The authorised limit is set at an amount that allows a contingency for any additional unanticipated long or short-term borrowing requirements over and above the operational boundary during the period.

HRA Limit on Indebtedness

The local authority is required to report the level of the limit imposed (or subsequently amended) at the time of implementation of self-financing by the Department for Communities and local Government. It is the HRA capital financing requirement that is compared to this limit.

The HRA limit on indebtedness is £208.401m.

11. Treasury Indicators

The proposed treasury indicators that relate to the Capital Financing and Borrowing Strategy are set out below. These indicators were treated as prudential Indicators prior to 2010-11, but the revised codes and guidance now require them to be included in the Treasury Strategy as treasury indicators.

__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 within 20 years;
- 20 years and within 30 years;
- 30 years and within 40 years;
- 40 years and above.

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

The Treasury Management Code of Practice Guidance Notes requires that the maturity is determined by the earliest date on which the lender can require payment, which in the case of LOBO loans is the next break period. However in the current low interest rate environment the likelihood of the interest rates on these loans being raised and the loans requiring repayment at the break period is extremely low.

The proposed limits for the forthcoming year are:

Maturity Structure of Borrowing		
	Lower Limit %	Upper Limit %
Under 12 months	0%	20%
Between 1 and 2 years	0%	20%
Between 2 and 5 years	0%	20%
Between 5 and 10 years	0%	20%
Between 10 and 20 years	0%	40%
Between 20 and 30 years	0%	60%
Between 30 and 40 years	0%	80%
Over 40 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.

The limits for the early periods (up to 10 years) have been set to allow for up to 20% of Council borrowing to be in the form of LOBO loans, which are treated as if maturing at the first break clause date.

Upper limits on interest rate exposures

The Council must set for the forthcoming financial year and the following two financial years, upper limits to its exposure to the effect of changes in interest rates. These limits relate to both fixed interest rates and variable interest rates, and are referred to as the upper limits on fixed interest rate and variable interest rate exposures.

The purpose of the indicator is to express the Council's appetite for exposure to variable interest rates, which may, subject to other factors, lead to greater volatility in payments and receipts. However this may be offset by other benefits such as lower rates, as in the case of LOBOs.

These limits can be expressed either as absolute amounts or as a percentage. They may be related either to the authority's net principal sum outstanding on its borrowing/investments or to the net interest on these.

As a result of advice from the Council's treasury advisors, these indicators have been set as percentages rather than absolute values. Separate indicators are set and monitored for debt and investments, as well as for the net borrowing position.

It is proposed to maintain the upper limits on interest rate exposures for borrowing at 100% for both fixed and variable rate debt. This will allow officers to make judgements on the most appropriate form of borrowing dependant on the market conditions and rates on offer, rather than being artificially constrained by the indicator. In practice there is likely to be a mix of fixed and variable rate borrowing in the Council's debt portfolio.

Upper limits on interest rate exposures - borrowing		
	Fixed Interest Rate Exposures	Variable Interest Rate Exposures
2013-14	100%	100%
2014-15	100%	100%
2015-16	100%	100%

The interest rate exposures for net borrowing are distorted when debt and investment are combined. However, this combined indicator is included here for completeness, and as required by the Treasury Management Code of Practice. The percentages in the table below allow for both borrowing and investments to independently reach limits of 100% for both fixed and variable rates. Actual percentages on net borrowing may sometimes be in excess of 100% or below zero (ie negative percentages).

Upper limits on interest rate exposures – net borrowing		
	Fixed Interest Rate Exposures	Variable Interest Rate Exposures
2013-14	150%	150%
2014-15	150%	150%
2015-16	150%	150%

The proposed treasury indicators for upper limits on interest rate exposures for investments are set out at Section 24 below.

12. 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 9 above.

Affordable Borrowing Limit		
2013-14 Limit £000	2014-15 Limit £000	2015-16 Limit £000
250,000	**250,000**	**250,000**

Cabinet are asked to recommend to Council that they approve the Affordable Borrowing Limits for 2013-14 to 2015-16.

13. 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 were set up with these organisations in April 2009. 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

The CFO may also authorise the taking of short-term deposits under mutually agreed and documented terms from other local not for profit organisations.

14. Overdraft Facilities

The Council has a £200k overdraft facility with its bankers, HSBC Bank, for which an annual fee of £2,000 applies. The overdraft rate applicable to use of the agreed facility is 3% above base rate.

The overdraft facility is only used to cover unforeseen events; usage is kept to an absolute minimum and generally occurs only as a result of events outside of the Council's control; for example, failure by third parties to make agreed payments. The use of the overdraft facility is monitored on a daily basis against a performance target and reported monthly to senior managers through the corporate performance reporting framework.

Investment Strategy

15. Current Investment Portfolio

The investment portfolio as at 31 January 2013, including deposit and call accounts and money market funds, was as follows:

Counterparties at 31 January 2013	£m	%
UK nationalised or part nationalised banking institutions	40.00	65.19%
Other UK counterparties	3.22	5.25%
Overseas counterparties having sovereign ratings of AAA	7.00	11.40%
AAA rated Money Market Funds	11.14	18.16%
Total	**61.36**	**100%**

16. Specified/Non specified Investments

Under the Local Government Act 2003 the Council is required to have regard to the CLG revised Guidance on Local Government Investments issued in 2010 and CIPFA's Treasury Management in the Public Services Code of Practice (Fully Revised Second Edition 2009) and updated Guidance Notes (Fully Revised Third Edition 2009).

The CLG Guidance on Local Government Investments requires that investments are split into two categories:

(i) Specified investments – broadly, sterling investments, not exceeding 364 days and with a body or investment scheme of high credit quality.

(ii) Non-specified investments – do not satisfy the conditions for specified investments. This may include investment products that would normally be considered as specified investments, but are judged to have a higher level of risk than normal attached to them.

The detailed conditions attached to each of these categories are set out in the Schedules to the TMPs at Appendix E (TMP4 Approved Instruments, Methods and Techniques).

17. Investment Strategy

The Council's appetite for risk must be clearly identified in its strategy report. The Council affirms that its investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the Council will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the Schedules to the Treasury Management Practices and the Treasury Management Strategy.

Responsibility for risk management and control lies within the Council and cannot be delegated to an outside organisation.

The Council's counterparty and credit risk management policies are set out at the Schedule to the TMP 1 Risk Management (Credit and counterparty risk management) and its approved instruments for investments are set out at the Schedule to TMP 4 Approved Instruments, Methods and Techniques. These, taken together, form the fundamental parameters of the Council's Investment Strategy.

The Council defines high credit quality in terms of investment counterparties as those organisations that:

- Meet the requirements of the creditworthiness service provided by the Council's external treasury advisers (ie have a colour rating) and,
- Have sovereign ratings of AAA, or are
- UK nationalised or part nationalised banking institutions, or are
- UK banks or building societies supported by the UK banking system support package or are
- UK national or local government bodies or are
- Triple A rated Money Market funds

Specified Investments

The majority of the Council's investments in 2013-14 will fall into the category of specified investments.

Further counterparty limits may be put in place to minimise risk to the authority (see Section 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 2013-14 is that the following non specified investments may be entered into:

1. Long-term investments (those for periods exceeding 364 days), which could prudently be used where interest rates are favourable and funds are not required for short-term cashflow management.

   Amounts deposited for over 364 days will be determined by liquidity considerations and by whether longer term interest rates are favourable, and all deposits will be in accordance with counterparty limits.

Only counterparties in the Council's current approved counterparty list that have limits of over 364 days will be used for such investments.

Any overall stricter limits in force in the Council's investment counterparty policies at any time will take precedence.

The maximum amount that the Council will hold at any time during the year as long-term investments is £17m.

2. The following items, being non-specified only by virtue of unfamiliarity on the part of the Council's treasury management staff:

- Certificates of Deposit (trading in the secondary market)
- Gilts
- Treasury Bills

Before proceeding with any of the above treasury management staff will undertake, for each investment type, a risk assessment and put in place procedures and limits for controlling exposure, to be approved by the CFO.

The CFO and the treasury management staff will ensure that they:

- Fully understand how the investment product works
- Fully understand what degree of risk exposure the product has
- Are comfortable that it is a suitable product that meets the risk appetite of the authority
- Ensure that the product complies with the latest edition of the CIPFA Code of Practice on Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes
- Ensure that they are fully satisfied with the level of security of the product
- Apply value for money principles to optimise investment returns

All non-specified investments are subject to an evaluation of counterparty and other risk. Advice will be taken from the Council's external treasury advisors as appropriate

Capital Expenditure

The Council may make loans to third parties for the purpose of capital expenditure as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146)

Local Authority Mortgage Scheme

In the event that the Council makes a decision to participate in the (cash backed) Local Authority Mortgage Scheme (LAMS), which requires the Council to place a matching five year deposit to the life of the mortgage indemnity, this investment is an integral part of the policy initiative and is outside the investment strategy above and the counterparty criteria at Section 18 below.

18. Counterparties

Policies for the management of counterparty and credit risk are set out at Section 1 of the Schedule to TMP 1, attached to the accompanying Cabinet report at Appendix E.

The Council's approach to counterparties for 2013-14 is set out below:

The Chief Finance Officer (CFO) will use the recommendations of the creditworthiness service provided by the Council's external treasury advisers to determine suitable counterparties and the maximum period of investment, using the ratings assigned.

The CFO will determine, in the context of the above, and taking into account appropriate risk management factors:

- Any further criteria to be put in place to determine suitable counterparties
- The maximum investment amount to be held with each type of counterparty assigned a rating
- The maximum investment period with each type of counterparty assigned a rating

The following table sets out the Council's counterparty policies for 2013-14.

Investments may be placed with counterparties recommended by the Council's external treasury advisors, and which meet the following criteria:		**Additional limits**
(1)	UK counterparties	NBC **additional limits** in force will be £15m and a maximum of 2 years (729 days)
	Or	
(2)	UK nationalised or part nationalised banking institutions	NBC **additional limits** in force will be £20m and a maximum of 2 years (729 days)
	Or	
(3)	Non UK counterparties having a sovereign rating of AAA	NBC **additional limits** in force will be £15m and a maximum of 2 years (729 days)

A schedule is attached at Appendix G of counterparties that meet the criteria above as at 31 January 2013. This schedule is at a particular point in time and is subject to change according to changes in credit ratings and other economic and market data. Maximum investment periods will also vary for individual counterparties for the same reasons. The inclusion or exclusion of counterparties from this schedule is entirely a reflection of the Council's investment criteria, which may differ from those of other organisations.

It should be noted that the inclusion of counterparties in a counterparty 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 a single counterparty.

Investments may also be placed with other local authorities and with the UK Government. The limits will be £20m, for periods of up to 2 years.

Investments may also be placed with triple A rated Money Market Funds. The limit for each fund will be £15m.

Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is added by the counterparty to the principal investment amount, for example in the case of some call and deposit accounts. In such instances the interest amounts will be withdrawn back to the Council's main bank account as soon as reasonably practicable.

The maximum percentage of the portfolio that may be placed with overseas counterparties at any one time is 50%.

Any types of investments that fall within the category of specified investments as set out in the schedule to TMP 4, and any types of non-specified investments approved as part of this document (Section 16 above) may be made, within the bounds of the counterparty policies.

Deposits may be placed with the Council's own bankers, HSBC Bank. Balances will generally be relatively low, at between £50k and £600k on a given day, and are determined by cashflow requirements and with regard to the costs and benefits of CHAPS payments compared with investment returns achievable. Amounts of up to £15m may be placed for longer periods for operational purposes should the need arise.

The Chief Financial Officer has 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. At all times the Council's minimum level of credit risk, as set out at the Schedule to TMP 1, will be met.

The total value of investments over 364 days at any one time is restricted by the treasury indicator for the upper limit on investments for periods longer than 364 days (See Section 24 below). For 2013-14 this is £17m.

19. 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 2 years as a non-specified investment.

When deciding the length of each investment, regard is had to both cashflow needs and prevailing interest rates.

The range of duration for each new fixed term investment in 2012-13, as at 31 January 2013 was from 73 to 730 days. The average term was 249 days.

For short term and overnight investment the Council makes full use of triple A rated Money Market Funds and appropriate bank call and deposit accounts offering competitive rates and, in most instances, instant access to funds.

As referred to in Section 17 and Section 24, maximum values have been set for the amounts that can be invested for periods exceeding 364 days and up to 2 years. Actual amounts deposited for over 364 days will be determined by liquidity considerations and by whether longer term interest rates are favourable, and all deposits will be in accordance with counterparty limits.

20. Bank Base Rates

The bank base rate has been held steady at its current all-time low of 0.50% since March 2009, whilst the Bank of England has pursued alternative strategies, including quantitative easing and the 'funding for lending' scheme.

The current interest rate view of Council's treasury management advisors (as at 31 January 2013) is that bank base rate will remain at 0.50% until the first quarter of 2015, from which point it is forecast to rise by 0.25% each quarter, reaching 1.75% by March 2016. However, if there were to be a major Eurozone disaster, then there are likely to be further revisions to when the bank base rate would be likely to start to increase.

The table below shows the Council's treasury advisors forecast bank base rates for 2013 to 2015 (as at 31 January 2013).

Bank Base Rates 2013 to 2015		%
2013-14	Forecast - June 2013	0.50
	Forecast - Sept 2013	0.50
	Forecast - Dec 2013	0.50
	Forecast - March 2014	0.50
2014-15	Forecast - June 2014	0.50
	Forecast - Sept 2014	0.50
	Forecast - Dec 2014	0.50
	Forecast - March 2015	0.75
2015-16	Forecast - June 2015	1.00
	Forecast - Sept 2015	1.25
	Forecast - Dec 2015	1.50
	Forecast - March 2016	1.75

21. Short Term Interest Rates for Investments

Short-term interest rates for investments tend to be linked to the bank base rate levels; in the current economic climate these are abnormally low, and forecast to remain so for some time.

The Council's treasury advisors have advised that the Council should budget for an investment return of 0.50% on investments placed for around three month's duration during 2013-14. Taking into account the fact that a proportion of the portfolio is invested for periods of up to 364 days at a higher rate of return the Council has set its budget based on a total average investment return of 1.00% in 2013-14. This compares with a rate of return of 0.70% budgeted in 2012-13. Actual return as at 31 January 2013 was 1.23%. This was largely due to securing some longer dated investments of up to 364 days at special tranche rates.

At an average forecast balance of £51m, the variance in income per 0.1% increase or decrease in interest rates equates to £51k. As some of the cash being invested relates to HRA balances, a proportion of the impact is passed on to the HRA; the remaining balance accrues to the General Fund budget.

The impact of the interest rate forecast has been included in the 2013-14 debt-financing budget, included in the Council Wide General Fund Revenue Budget 2013-14 to 2015-16 report to Cabinet.

22. Sensitivity of Forecasts

The amount that can be earned on interest on investments is very sensitive to changes in cash balances and in the prevailing market conditions. Interest rates achievable on investments are at historically very low rates, having undergone a further downward trend in the autumn of 2012 following the introduction of the UK government's Funding for Lending scheme.

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.

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.

23. Prudential Indicators

There are no prudential indicators that relate specifically to the Investment Strategy.

24. Treasury Indicators

The proposed treasury indicators that relate to the Investment Strategy are set out below.

Upper limits on interest rate exposures

The Council must set for the forthcoming financial year and the following two financial years, upper limits to its exposure to the effect of changes in interest rates. These limits relate to both fixed interest rates and variable interest rates, and are referred to as the upper limits on fixed interest rate and variable interest rate exposures.

The purpose of the indicator is to express the Council's appetite for exposure to variable interest rates, which may, subject to other factors, lead to greater volatility in payments and receipts. However this may be offset by other benefits such as liquidity, as in, for example, deposit accounts and money market funds.

These limits can be expressed either as absolute amounts or as a percentage. They may be related either to the authority's net principal sum outstanding on its borrowing/investments or to the net interest on these.

As a result of advice from the Council's treasury advisors, these indicators have been set as percentages rather than absolute values. Separate indicators will be set and monitored for debt and investments, as well as for the net borrowing position.

It is proposed to maintain the upper limits on interest rate exposures for investments at 100% for both fixed and variable investments. This will allow officers to make judgements on the most appropriate form of investment dependant on the market conditions and rates on offer, rather than being artificially constrained by the indicator. In practice there is likely to be a mix of fixed and variable rate investments in the Council's investment portfolio.

Upper limits on interest rate exposures - investments		
	Fixed Interest Rate Exposures £000	Variable Interest Rate Exposures £000
2013-14	100%	100%
2014-15	100%	100%
2015-16	100%	100%

The proposed treasury indicators for upper limits on interest rate exposures for borrowing and net borrowing are set out at Section 11 above.

Total principal sums invested for periods longer than 364 days

Under the Local Government Act 2003 and the CLG Guidance on Local Authority Investments 2004 (revised 2010), all Councils are 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 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 to be invested for longer periods if interest rates are favourable.

The proposed limits for the forthcoming, and following two financial years are as follows.

Upper limit on investments for periods longer than 364 days			
	2013-14 Upper Limit £m	2014-15 Upper Limit £m	2015-16 Upper Limit £m
General cash balances (HRA & GF)	7	7	6
HRA earmarked balances	10	10	10
Upper Limit	**17**	**17**	**16**

This upper limit has been calculated at a prudent level with regard to cashflow liquidity, based on a maximum of 15% of forecast average general (HRA & GF) cash balances in year, and an additional allowance for HRA earmarked reserves that may be generated for investment under the new HRA self financing regime.

25. Treasury Management Advisers

The Council uses treasury management advisers to support its treasury management activities.

The contract specification is set out in italics below:

To provide an effective and efficient treasury management advisory service to Northampton Borough Council

This to include:

Provision of General Information and Advice

- *Economic and interest rate forecasts*
- *Technical updates on investment and debt issues*
- *Interest rates and available options for investment and debt financing*
- *Investment counterparty creditworthiness based on clear parameters and latest available data*
- *Notification of changes to treasury legislation, regulation, best practices and procedures, and advice on the impacts of such changes*
- *Advice on treasury reporting formats and techniques, including standard templates*

By means of emails, phone calls, website access, and meetings as appropriate.

To meet agreed scheduled (daily, weekly, monthly and other) and ad hoc requirements

Provision of Tailor-made Information and Advice

- *Debt management and investment advice tailored to the Council's financial position and requirements*
- *Financial appraisal and balance sheet analysis*
- *Analysis of the Council's debt and investment strategy, with advice on any changes that could be beneficial*

- *Technical advice for specific issues when required*
- *Templates for treasury documents*

By means of emails, phone calls, website access, and meetings as appropriate.

To meet agreed scheduled (weekly, monthly and other) and ad hoc requirements

Training, Workshops and Seminars

- *Provision of regular scheduled training and/or seminars for the council's treasury staff*
- *Provision of ad hoc training to Council Members, treasury staff and others*

The current supplier of service is Sector Treasury Services Ltd. The contract commenced 1 April 2010 with an initial contract period of three years to 31 March 2013 and an option to extend for a further year to 31 March 2014

The costs of the service are provided for in the Council's annual revenue budget. Payments under the contract are currently based on a fixed fee, payable half yearly in arrears. Additional services are available at rates specified in the contract.

Contract monitoring is an ongoing process, having regard to the timeliness and quality of information and advice received. The contract monitoring process is supported by review meetings at six month intervals with the suppliers of service.

26. Investment Training

The Council's policies for reviewing and addressing the training needs of its treasury management staff for training in investment management are out at the Schedules to the TMPs at Appendix E (TMP10 – Staff training and qualifications)

Counterparties meeting NBC investment criteria for 2013-14 as at 31 January 2013

Institution	Country	Maximum Amount (£m)
Australia & New Zealand Banking Group Ltd	Australia	15
Commonwealth Bank of Australia	Australia	15
Westpac Banking Corporation	Australia	15
National Australia Bank Ltd	Australia	15
Bank of Montreal	Canada	15
Bank of Nova Scotia	Canada	15
Canadian Imperial Bank of Commerce	Canada	15
National Bank of Canada	Canada	15
Royal Bank of Canada	Canada	15
Toronto Dominion Bank	Canada	15
Nordea Bank Finland plc	Finland	15
Deutsche Bank AG	Germany	15
Landesbank Berlin AG	Germany	15
DZ Bank AG	Germany	15
Landesbank Hessen-Thueringen Girozentrale	Germany	15
Landwirtschaftliche Rentenbank	Germany	15
Banque et Caisse d'Espargne de L'Etat	Luxembourg	15
Clearstream Banking	Luxembourg	15
Bank Nederlandse Gemeenten	Netherlands	15
ING Bank NV	Netherlands	15
Cooperatieve Centrale Raiffeisen - Boerenleenbank BA	Netherlands	15
DnB NOR Bank	Norway	15
DBS Bank Ltd	Singapore	15
Oversea-Chinese Banking Corporation Ltd	Singapore	15
United Overseas Bank Ltd	Singapore	15
Nordea Bank AB	Sweden	15
Skandinaviska Enskilda Banken AB	Sweden	15
Svenska Handelsbanken	Sweden	15
Swedbank AB	Sweden	15
UBS AG	Switzerland	15
Credit Suisse	Switzerland	15
Bank of New York Mellon (International) Ltd	UK	15
Barclays Bank plc	UK	15
Credit Suisse International	UK	15
HSBC Bank plc	UK	15
MBNA Europe Bank	UK	15
Nationwide Building Society	UK	15
Standard Chartered Bank	UK	15
Sumitomo Mitsui Banking Corporation Europe Ltd	UK	15
UBS Ltd	UK	15

Institution	Country	Maximum Amount (£m)
Lloyds Banking Group	**UK***	**20**
Bank of Scotland Plc	*UK**	*20*
Lloyds TSB Bank Plc	*UK**	*20*
Royal Bank of Scotland Group	**UK***	**20**
National Westminster Bank Plc	*UK**	*20*
Royal Bank of Scotland	*UK**	*20*
Ulster Bank Ltd	*UK**	*20*

* UK nationalised or part nationalised banks

This schedule is at a particular point in time and is subject to change according to changes in credit ratings and other economic and market data. Maximum investment periods will also vary for individual counterparties for the same reasons.

The inclusion or exclusion of counterparties from this schedule is entirely a reflection of the Council's investment criteria, which may differ from those of other organisations.

Note - The following investment counterparties may also be used, but are not included in table of counterparties above

Institution	Country	Maximum Amount (£m)
UK Government	UK	20 (in total)
Other Local Authorities	UK	20 (in total)
AAA rated Money Market Funds	UK	15 (per fund)

Appendix H

Treasury Strategy 2013-14 to 2015-16

Abbreviations used in the Report and Annexes

AA	Assistant Accountant
AAT	Association of Accounting Technicians
AIS	Annual Investment Strategy
BACS	Bankers' Automated Clearing Services
BVACOP	Best Value Accounting Code of Practice
CCAB	Consultative Committee of Accountancy Bodies
CD	Certificate of Deposit
CFO	Chief Finance Officer
CHAPS	Clearing House Automated Payment System
CIPFA	Chartered Institute of Public Finance and Accountancy
CLG	Communities and Local Government
CPI	Consumer Prices Index
DMO	Debt Management Office
ECB	European Central Bank
EU	European Union
FMT	Finance Manager - Treasury
GDP	Gross Domestic Product
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPF	Institute of Public Finance
LGSS	Local Government Shared Service
LIBID	London Interbank Bid Rate
LIBOR	London Interbank Offered Rate
LOBO	Lenders Option Borrowers Option
MMF	Money Market Fund
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision

NNDR	National Non Domestic Rate
NIPs	Non Investment Products
PMI	Purchasing Managers Index
PWLB	Public Works Loan Board
QE	Quantitative Easing
RPI	Retail Prices Index
RSG	Revenue Support Grant
SeRCOP	Service Reporting Code of Practice for Local Authorities
SOPP	Statement of Professional Practice
SORP	Statement of Recommended Practice
TA	Trainee Accountant
TMPs	Treasury Management Practices

Appendices:
12

NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	COUNCIL WIDE GENERAL FUND REVENUE BUDGET 2013/14 TO 2015/16

AGENDA STATUS: **PUBLIC**

Cabinet Meeting Date:	20 February 2013
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr A Bottwood
Ward(s)	N/A

1. Purpose

1.1 To report the outcome of the consultation process on the 2013/14 General Fund budget and the final formula funding settlement for 2013/14.

1.2 To agree the Cabinet's proposals for recommendation to Council on 25 February 2013 for the 2013/14 to 2015/16 General Fund budgets, Council Tax level for 2013/14 and indicative levels for 2014/15 and 2015/16.

2. Recommendations

2.1 That the feedback from consultation with the public, organisations and the Overview and Scrutiny and Audit Committees be considered and welcomed (detailed at **Appendices 1a, 1b, and 1c,**).

2.2 That the Council's representations on the provisional formula funding settlement be noted (**Appendix 2**).

2.3 That the changes to the proposed budget (detailed at **Appendix 3**), in light of the consultation responses, equalities issues and the final formula funding settlement, be agreed.

2.4 That a General Fund budget for 2013/14 of £27.14m (excluding parishes) be recommended to the Council (detailed in **Appendices 4, 5, 6a and 6b**) for its own purposes.

2.5 That the Cabinet notes the key medium term financial issues as set out at **Appendix 7.**

2.6 That the Cabinet acknowledges the issues and risks detailed in the Chief Finance Officer's statement on the robustness of estimates and the adequacy of the reserves (**Appendix 8**).

2.7 That the draft Fees and Charges set out in **Appendix 9** be noted.

2.8 That authority be delegated to the Chief Finance Officer to make any technical changes necessary to the papers for the Council meeting of 25 February 2013.

2.9 That Council be recommended to delegate authority to the Chief Executive and Chief Finance Officer to implement all budget options and restructures.

2.10 That authority be delegated to the Chief Finance Officer in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder to:

- transfer monies to/from earmarked reserves should that become necessary during the financial year.
- update the budget tables and appendices, prior to Council should any further changes be necessary.
- update prudential indicators in both the Prudential Indicators report and Treasury Strategy report, for Council for any budget changes that impact on these.

2.11 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 balances of at least £3.1m for 2013/14 having regard to the outcome of the financial risk assessment and remaining at this level over the medium term.

2.12 That the Council be recommended not to increase the Council Tax for its own purposes, that is, excluding county, police, and parish precepts for 2013/14.

3. Issues and Choices

3.1 Report Background

3.1.1 The Cabinet is proposing a budget for 2013/14 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 no council tax increase for 2013/14,
b) Examining all possible efficiency savings and other ways of reducing expenditure or increasing income without affecting service levels,
c) Proposing significant efficiency savings,
d) Reflecting the views emerging from the public consultation.

3.2 Issues

Consultation Feedback

3.2.1 The consultation process was carried out from 19December 2012 until 31 January 2013. The aim of this consultation was to find out people's views on the draft budget proposals presented.

3.2.2 Residents, businesses, and other stakeholders were invited to provide feedback on the proposals for the draft budget during the consultation period and support was made available to maximise involvement and understanding of the proposals.

3.2.3 People were able to engage in a range of methods including:

- 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. (**Appendix 1a**.)
- Invitation to comment sent to the business community via the Chamber of Commerce, their network and the Federation of Small Businesses;
- Question Time Event – Open public meeting held at the Guildhall on 26 January 2012.
- Council's budget proposals debated at Community Forums (Diverse Community Forum, LGB People's Forum, Pensioners and Disabled People's Forums)

3.2.4 Public consultation showed the majority of respondents to be broadly in agreement with the Council's budget proposals (**Appendix 1a**).

3.2.5 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 31 January 2013. The views of the Overview and Scrutiny Committees are reported in **Appendix 1b**.

3.2.6 Audit Committee reviewed the budget proposals from a risk perspective on 14 January 2013. The key risks identified are reported at **Appendix 1c**.

3.2.7 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.

3.2.8 The Cabinet has considered the budget proposals, taking into account the financial position, in the light of the results of the public consultation, Overview and Scrutiny and Audit Committee comments and other discussions and representations from key partners, and has made a number of changes that reflect the views expressed in the consultation.

3.2.8.1 Changes to Terms and Conditions – Following consultation and further work on this option, 2 aspects of the proposals relating to professional fees and charging for car parking have been deferred to 2014/15.

3.2.8.2 Parking Permits for Commuters: Feedback has resulted in this saving proposal being removed from the 2013/14 budget proposals.

3.2.8.3 There have been a number of other adjustments, mainly of a technical nature. All adjustments can be found at **Appendix 3** to this report.

3.2.9 Equally there are areas where, whilst the Cabinet has considered views raised during consultation, they have decided not to make any changes to the budget proposals. The key areas are outlined below:

3.2.9.1 Review of Close Circuit Television (CCTV) Operations. This will not lessen our ability to respond to incidents. The Borough Council will work with community groups and businesses to minimise the impact of any future year changes. A review of CCTV was carried out with community groups across Northampton before the budget proposals were set to assess community impact and some proposals were withdrawn.

3.2.9.2 Review of Discretionary National Non Domestic Rates Scheme. There were several representations in this area, but the Charity sector worked with NBC in developing the scheme. The scheme is designed to encourage the not for profit sector to share back office, and therefore organisations who make arrangements to share back office will not be impacted by the reductions. The savings from the scheme were reduced in ways which were as a result of feedback from the sector.

3.2.9.3 Ending Support for Groundworks – The consultation responses were quite mixed on this, and it was determined that in the current financial climate it was no longer affordable to provide this financial support.

Draft Budget Position – Cabinet 19 December 2012

3.2.9 The Cabinet met on 19 December 2012 and recommended proposals for consultation. The headlines were:

a) No proposed council tax increase, for the Council's own purposes, for 2013/14, and no annual increases be adopted as planning parameters for the financial years 2013/14 to 2015/16;

b) A General Fund budget for 2013/14 of £27.6 (including parishes).

3.2.10 New efficiency savings and medium term planning savings and income options totalling £1.3had been proposed for consultation to reduce the gap. Investment in priority areas totalling £0.1was also proposed for 2013/14.

Draft Budget Position – Cabinet 20 February 2013

3.2.11 Further work on the budget has been undertaken to refine the budget since 19 December 2012. This has resulted in a number of new options and adjustments including those of a technical nature.

3.2.12 Since the draft budget was proposed by Cabinet on 19 December 2012 the position has changed as follows:

Changes since 19 December 2012 Cabinet

	2013/14 Budget Changes £
Council Tax Freeze Grant	1,579
CTRS Grants	131,644
Parish Grants	(8,105)
New Homes Bonus	(2,042,408)
Earmarked Reserves (net changes)	2,169,176
Off-Street Parking Review	40,000
Formula Funding	(333,927)
Surplus on Collection Fund	(32,714)
Recharges to HRA	74,755

3.2.13 A schedule of all changes since the 19 December 2012 Cabinet proposals can be found at **Appendix 3**.

Use of Balances

3.2.14 A prudent level of reserves, along with appropriate application of reserves, should be part of the overall budget. The Chief Finance 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 £3.1m for 2013/14.

3.2.15 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 2012/13 outturn.

3.2.16 The Chief Finance Officer recommends that a minimum prudent level of reserves be set at £3.1m for 2013/14 rising to £3.2m by 2015/16. 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.

3.2.17 Note 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.

3.2.18 The 2013/14 budget assumes no use of general fund balances in 2013/14. The expected movement on the General Fund Reserve is summarised in the table below.

Forecast of General Fund Reserves as at the end of January 2013

		£m
	General Fund Balance as at 01.04.2012	**3.1**
	Total estimated General Fund balance at 31.03.2013	**3.1**
Plus	Budgeted contribution to General Fund balances	0.1
	Total estimated General Fund balance at 31.03.2014	**3.2**
	Total estimated General Fund balance at 31.03.2015	**3.2**

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

Final Formula Funding Settlement

3.2.20 The provisional 2013/14 finance settlement was announced on 19th December 2012, and was finalised on 4 February 2013. The Councils representation to the government with regard to the settlement is shown at **Appendix 2**.

Formula Funding Settlements 2012/13 to 2014/15

	2012/13 Actual £m	**2013/14 Actual £m**	**2014/15 Draft £m***
Retained Business Rates	13.041	5.968	6.151
Revenue Support Grant	0.253	8.971	6.874
Total Formula Funding	**13.294**	**14.939**	**13.025**
Specific Grants Adjustments*	2.393	0	0
	15.687	**14.939**	**13.025**

**Council Tax subsidy is replaced in 2013/14 by Council Tax Reduction Scheme funding within the formula funding settlement. In addition Homelessness Prevention funding is also moving into formula funding from 2013/14. Therefore the 2012/13 comparative figure has been adjusted by the original budget for these grants to take this into account*

Revised Proposals

3.2.21 **Appendix 5** sets out a summary of the revised budgets covering 2013/14 to 2015/16 to be recommended to the Council. The main features are:

a) No Council Tax increase, for the Council’s own purposes (excluding precepts), for 2013/14;
b) A General Fund budget for 2013/14 of £28.16m (including parishes).
c) A planning parameter of 0% indicative annual Council Tax increases, for the Council’s own purposes (excluding precepts), for 2014/15 – 2015/16.

3.2.22 The Council’s budget for its own purposes (excluding parishes) is £27.14m.

The Council's Budget for its Own Purposes

	£m
Revenue Budget Requirement including Parishes	28.164
Less Parish Precepts	(1.022)
Amount to be Funded by Formula Funding and Council Tax Excluding Parishes	**27.142**

3.2.23 CLG have set the capping criteria at a council tax increase of 2.0%. Northampton's budget proposes a 0% council tax increase, and therefore falls well within the capping targets.

Medium Term Implications

3.2.24 In setting a budget for 2013/14, the Cabinet and the Council must take into account the implications for the following two years financial strategy, namely 2014/15 – 2015/16. There are significant planned efficiency savings in 2013/14 and the following years, which will require action to be taken now if they are to be secured within the planned timescales.

3.2.25 **Appendix 4** sets out the budget projections for 2013/14 to 2015/16 and the key features of the projections including assumptions of the level of Formula funding and Council Tax funding.

3.2.26 The medium term plan assumes that the Council will achieve year on year cashable efficiencies, 2013/14, and this has been built into the financial strategy from 2013/14 onwards. Plans will be developed to deliver the required savings as part of the 2013/14 medium term planning process.

3.2.27 The financial projections put into sharp relief the need to continue to:

a) Continue the search for efficiencies in accordance with Government requirements; and

b) Make sure the council's ambitions are set within the context of the available funding envelope.

3.2.28 The medium term budget projections also highlight the need to continue to develop the organisation's future strategy through the Corporate Plan. The key medium term financial issues identified are attached at **Appendix 7.**

Robustness of Estimates and Adequacy of Reserves

3.2.29 The Local Government Act 2003 places a duty on the Chief Finance Officer to comment on 'the robustness of the estimates' included in the budget and the adequacy of the reserves for which the budget provides.

3.2.30 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.

3.2.31 The Audit Committee at its meeting on 14 January reviewed risk aspects of proposed budget options proposed by the Cabinet at its meeting on 19 December 2012.

3.2.32 The Statement on the Adequacy of Reserves and Robustness of Estimates is presented at **Appendix 8**.

Fees and Charges

3.2.33 The schedule of draft Fees and Charges for 2013/14 is attached at **Appendix 9**. 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

3.2.34 The timetable for the 2013/14 budget process requires a meeting of the Council on 25 February 2013, 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.

3.2.35 In addition to the Council's own Council Tax, there are separate Council taxes for the county, police, and the parishes. Not all of these precepting bodies have set their Council Taxes yet, with the result that these will be reported to the Cabinet if known by that date and at Council on 25 February 2013 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, taking into account the items detailed for noting.

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

- to eliminate unlawful racial discrimination; and
- 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:

- eliminate unlawful disability discrimination, and
- 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

- eliminate unlawful gender discrimination, and
- 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 appendices.

4.2.2 Appendix 8 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 2013-16 budget was also considered by Audit Committee at its meeting on 14 January 2013, which is a background paper to this report.

4.3 Legal

4.3.1 The Council must set a balanced budget for the next financial year by midnight on 11 March 2013 (Local Government Finance Act 1992 section 32 (10). 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 The authority has specific legal duties in relation to equalities and financial decision making – see 4.4 below.

4.3.3 There are no further specific legal issues arising from this report

4.4 Equality

4.4.1 Under the general equality duty (as set out in the Equality Act 2010), public authorities are required to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

4.4.2 The protected grounds covered by the equality duty are: age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation. The equality duty also covers marriage and civil partnership, but only in respect of eliminating unlawful discrimination.

4.4.3 The law requires that this duty to have due regard be demonstrated in decision making processes. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had due regard to the aims of the equality duty.

4.4.4 It is also important to note that public authorities subject to the equality duty are also likely to be subject to the obligations under the Human Rights Act. We would therefore recommend that public authorities should consider the potential impact their decisions could have on human rights.

4.4.5 Equality and Diversity were considered as part of the budget build process, and an equalities assessment/screening was completed as part of each appropriate medium term planning option submitted. These were made public as part of the budget consultation.

4.4.6 Members are required to have specific regard to the equalities issues identified when making the decision to approve the budget options. The detailed Equalities Impact Assessments are available on the Internet as a background paper to this report.

4.4.7 Where issues have been identified and the option is approved, 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, forums, key partners and NBC Overview and Scrutiny. This was undertaken through the public consultation process during January and February 2013.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 All of the discretionary investment proposals in the draft budget reflect the corporate priorities as set out in the Corporate Plan

4.7 Other Implications

4.7.1 The Appendices are set out as follows:

1a	Consultation responses – Public Consultation
1b	Consultation responses – Overview and Scrutiny Committee
1c	Consultation responses – Audit Committee
2	Representations on the Provisional Settlement
3	Changes since 19 December 2012 Cabinet
4	Proposed Budget Summary 2013/14 – 2015/16
5	Schedule of Budget Options 2013/14 – 2015/16
6a	Earmarked Reserves proposals
6b	Schedule of Earmarked Reserves
7	The Key Medium Term Financial Issues 2013/14 – 2015/16
8	Robustness of Estimates – Statement of the Chief Finance Officer under the requirements of Section 25 of the Local Government Act 2003
9	Draft Fees and Charges 2013/14

5. Background Papers

5.1 Cabinet Reports:

- 20 February 2013 Corporate Plan 2013-16
- 19 December 2012 Draft Budget 2013-16
- 14 November 2012 Medium Term Financial Strategy 2013-2016

5.2 Overview and Scrutiny Reports:

- 31 January 2013 Council Wide Draft Budget 2013/14 to 2015/16

5.3 Audit Committee Reports:

- 14 January 2013 Risk Review of 2013/14 Budget Options

5.4 Equalities Impact Assessments (NBC Internet website)

5.5 Public Consultation Feedback:

- Question Time – Public Meeting
- Consultation with Community forums

Isabell Procter, Director of Resources, 0300 330 7000
Management Board, C/o David Kennedy, Chief Executive 0300 330 7000

Appendix 1 a

Northampton Borough Council

Draft Budget Proposals 2013/14:

Consultation results

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February 2013

1 Executive summary

In December 2012 the Council launched a consultation which looked at the budget proposals for 2013/14. The consultation ran for 6 weeks, closing on 31 January 2013.

This year, the budget consultation focused on whether council tax should be frozen for a further year. People were invited to comment on the budget options for savings, investments and growth.

Key results

- Nearly 2,000 residents visited our dedicated budget information during the consultation;
- 120 completed online surveys;
- In excess of 150 comments were received expressing views about the budget; and
- Three out of every four respondents agreed that council tax levels should be kept the same for 2013/14.

A list of the organisations which responded can be found at Appendix 1

2 Introduction

2.1 Cabinet approved the draft budget proposals for 2013/14 and the forecast budgets for 2014/15 and 2015/16 for the General Fund Revenue Budgets, the Housing Revenue Account, the Capital Programme and the Capital Strategy for consultation on 19 December 2012.

2.2 The consultation process covering all these areas was carried out from 20 December 2012 until 31 January 2013. The aim of this consultation was to find out people's views on the draft budget proposals presented.

2.3 Completed questionnaires were accepted up to 31 January 2012.

2.4 The consultation period will formally close on the date the budget is approved in February 2013.

2.5 This consultation followed the principles set out in the Council's Consultation Toolkit and industry standard guidance on best practice in consultation.

2.6 This report contains the results to the draft budget 2013/14 consultation. They will be used to by the Council as part of the process for informing priorities for the Council's Corporate Plan and for setting a balanced budget (including a capital programme).

3 Methodology

3.1 Residents, businesses, and other stakeholders were invited to provide feedback on the proposals for the draft budget during the consultation period and support was made available to maximise involvement and understanding of the proposals.

3.2 People were able to engage in a range of ways:

- Open public meeting held at the Guildhall on 24 January 2013;
- Council's budget proposals debated at Community Forums Special Meeting (Diverse Community Forum, LGB People's Forum, Pensioners and Disabled People's Forums) on 22 January 2013;
- Public Surgeries led by the Leader of the Council and the Cabinet Member with responsibility for Finance on 28 and 29 January 2013.
- On-line survey;
- Paper copies of the questionnaire available upon request;
- 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.
- Staff via intranet and trade unions;
- Invitation for Residents Panel to participate;
- Invitation to the business community via the Chamber of Commerce, their network and the Federation of Small Businesses;
- Invitation to members of the Sounding Board (tenants);
- Engagement with the voluntary and community sector via their various networks ;
- Posters displayed at local libraries;
- Engagement with our key stakeholder and partners ;
- Meeting of the Overview and Scrutiny Committee 31 January 2013;

3.3 The consultation was advertised through the media including mail shots, press releases and radio to raise awareness. Social media, including twitter alerts and reminders, were used during the consultation period.

3.4 Interim weekly consultation reports containing full details, including potential impacts and alternative proposals, were circulated to Senior Management and relevant cabinet members to maximise awareness and action in relation to issues and concerns arising during the consultation.

4 Results

4.1 During the consultation period **1935** people visited the website to view budget information. A total of **120 online** responses were received as at 31 January 2013. (In 2011 we received 149 questionnaires and 272 in 2012).

4.2 Respondents also provided in excess of **155** comments, including details about specific proposals, concerns about potential impacts that were considered to affect various sectors of the community and also about alternative proposals for efficiencies. These have been circulated to Senior Managers and to Cabinet members for their input and consideration.

4.3 Full consultation results are available in Appendix 3.

4.4 The profile of respondents by gender, age and ethnicity, available at Appendix 1, is representative of the wider community profile according to the 2011 Census. This can be seen as an indicator of a fair survey.

4.5 It should be noted that additional activity relating to the budget was undertaken independently of this consultation during the period of consultation including local press, public meetings, forums, etc and that the views expressed during such events are not included in this report.

5 Draft Budget Proposals Consultation-Results and Analysis

5.1 Findings

Below are the questions asked, the response achieved and a summary of the key points raised by those that took part;

5.2 Consultation Questions

Question 1-Council Tax Levels

Despite the significant financial pressures faced by the Council, Council Tax levels were not increased last year. **The Council is considering keeping council tax levels the same for 2013/14. Do you agree or disagree with this approach?**

Total agree: 73% (87)

Total disagree: 27 % (32)

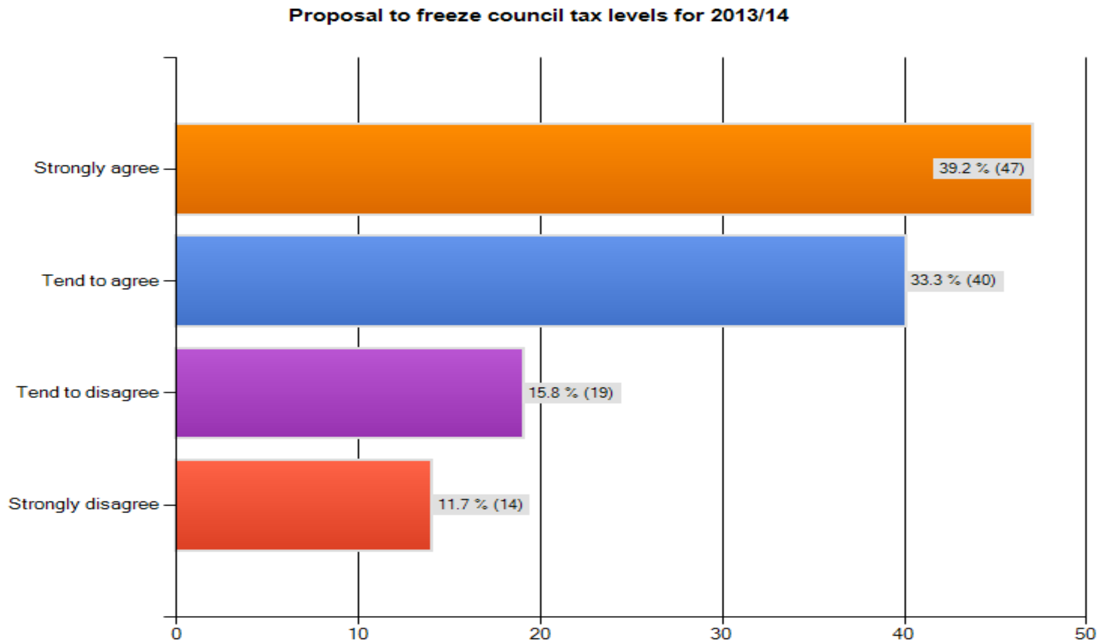

Table 1. Proposal to freeze council tax

Number of additional free-form comments received: **40**

Key points:

- Concerns about perceived pressures from Government to keep Council Tax levels low and the potential problems caused in the long term
- Some people would be prepared to pay more to preserve essential services.

Question 2-Options for Savings

Comments, including concerns about how our specific proposals may impact on individuals or any sector of the community and if appropriate, how we can minimise any such impact.

Received **50** comments

Question 3-Options for Investment and Growth

Comments, including any concerns about how our specific proposals may impact on individuals or any sector of the community and if appropriate, how we can minimise any such impact.

Received **40** comments

Question4-Alternative proposals, including anything else we could do to achieve savings and/or any other comments in respect of budget options for 2013/14?

Received **24** comments

6 How comments received will be used

6.1 Where comments relate to service specific issues that relate to the usual business of the organisation, these will be forwarded to the relevant service area.

6.2 Where issues raised are not our responsibility, such as street lighting, the state of the roads or about social work, the comments received will be forwarded to the relevant organisation as appropriate.

6.3 In relation to the budget, the Cabinet will consider all responses alongside the need to set a balanced budget. Any changes arising from the consultation will be detailed in the Council Wide General Fund Revenue Budget 2013/14-2015/16 Report.

6.4 Findings have been used to inform priorities for the Council's Corporate Plan 2012-15 (update 2013).

7 Equalities

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

7.2 Equality and Diversity were considered as part of the budget build process and an equality impact assessment or screening was completed as part of each option submitted.

7.3 Where issues have been identified and the option is approved, the detailed equality impact assessment will be used to inform the implementation of the budget option.

7.4 An Equality Impact Assessment for this consultation process is available at Appendix 2.

Appendices

Appendix 1	**Demographics and organisational respondents**
Appendix 2	**Consultation Equality Impact Assessment**
Appendix 3	**Full results and comments**

Appendix 1

Demographics

Gender		
Options	**Response %**	**Response Count**
Male	**51%**	**38**
Female	49%	36

Age		
Options	**Response %**	**Response Count**
Under 16	1.40%	1
16-24	18.90%	14
25-34	14.90%	11
35-44	**25.70%**	**19**
45-54	23.00%	17
55-64	14.90%	11
65-74	1.40%	1
75 or above	1.40%	1

Ethnicity		
Main categories	**Response %**	**Response Count**
White	88%	66
Asian/Asian British	1%	1
Mixed	1%	1
Black/Black British	4%	3
Other	3%	2
Prefer not to say	3%	2

About Respondents			
Options	**Yes**	**No**	**Response Count**
I live in Northampton	98.6% (71)	1.4% (1)	72
I work in Northampton	66.7% (38)	33.3% (19)	57
I study in Northampton	12.5% (4)	87.5% (28)	32
I have a business in Northampton	29.4% (10)	70.6% (24)	34
I am employed by Northampton Borough Council	12.1% (4)	87.9% (29)	33
I am responding on behalf of an organisation/group	11.1% (3)	88.9% (24)	27

Organisational responses were received from:

- Northampton Door-to-Door Service including Northampton Shopmobility
- Northants Police
- Northampton Volunteering Centre
- Rectory Farm Pocket Park Group
- Northants Gardens Trust

Appendix 2

Equality and Community Impact Assessment

Budget 2013/4 Consultation Programme

What are we looking to achieve in this activity?

This consultation was designed using the principles established in our Consultation Toolkit to make sure that it was accessible to local people, to businesses, to partners, to the voluntary and community sectors and to any other interested parties and that all groups can participate and respond meaningfully.

How will the decision be made?

Cabinet will consider the results of this consultation and of all relevant impact assessments to help it make an informed decision regarding the Council's budget and priorities. The Council will agree its Corporate Plan and set its Budget for the forthcoming 2013/2014 in February 2013.

What information exists already to assist with making the judgments above? Has any consultation been undertaken on this or any other related issue? Are any reports or relevant documents available internally or from partners or other sources?

Screenings and Impact assessments have been carried out for all options developed.

Who is/ will be the main beneficiaries/people affected by this activity?

Everybody living, working, studying or otherwise engaged with the town or its people may be potentially affected by the choice of priorities and budget plans. This includes businesses, employees of the Council as well as, partners and contractors. Some efficiency savings will impact on staff and could lead to redundancies and changes in service provision, not the level of service received by the public. Where this is appropriate, consultation will be undertaken in accordance with council policy and all those affected will be able to have a say in the process.

Does the activity have the potential to cause adverse impact or to discriminate against different groups in the community or to make a positive contribution to equalities?

The testing challenges caused by the general economic environment, and the credit crunch in particular, are already having a significant impact on our communities and also on our budget, creating added pressure and increase demand for our services.

With limited resources, service provision will need to be reviewed and this may affect the services we provide, the people who deliver them and those who receive them. It is critical when making decisions that may affect people that their views are sought and considered so that we can understand what matters to them, what they consider priority and what areas are in need of improvement and how the choices made may impact on their lives.

Impact

Proposals that will lead to efficiency savings have been screened for impact against the protected characteristics groups. Where proposals involve staff changes and rationalisation, appropriate consultation in line with council policy will be followed and outcomes monitored for any disproportionate and adverse impacts on individual groups.

Any savings with impact on services will have the issues and risks raised through their individual assessments and evaluations taken into account in the implementation and monitoring of the options.

Issues and concerns identified during this consultation have been used to inform priorities for the Council's Corporate Plan.

Appendix 3
Full Budget 2013/14 Consultation Results

Strongly agree	**39.2%**	**47**
Tend to agree	33.3%	40
Tend to disagree	15.8%	19
Strongly disagree	11.7%	14

Comments received

Q1. Comments made in response to the proposal not to increase council tax level

1. A modest rise would help to fund outstanding works which are constantly being put off - Road resurfacing/potholes for example.
2. A small rise is better than a large rise to catch up in a year's time
3. An increase in line with the rate of inflation would be acceptable - at some point the freeze will have to end if we are to continue to provide local services. I would prefer a stepped increase over several years rather than a massive increase in one year.
4. Being cheap is great but not necessarily value for money. Streets are dirty, public bins overflow with litter, leaves don't get swept very often, potholes EVERYWHERE, and parks are basic but could be so much more with a bit of investment in their upkeep rather than the bare minimum.
5. Council Tax cannot keep rising every year. Some residents pay more in council tax than rent or mortgage and although I think everyone should pay towards council services continual increases above inflation were not fair or acceptable. There are savings to be made both in NBC and NCC and I think some services should be paid for by those that use them. This will make it fairer for those that subsidise others at the moment.
6. Cuts will have to be made, I'm sure, but people need to now be encouraged to take more responsibility themselves to help keep costs down such as cutting grass verges outside their homes, keeping streets clean, etc.
7. Freezing council tax instead of protecting the council's base budget against the effects of inflation by increasing the council tax in line with inflation will only store up problems for future years, as has been proven time and again.
8. Gas, electric, water, phone, etc. ... all bills go up, so should the council tax to ensure services are delivered.
9. I agree that tax should not increase but not at the expense of valuable services. If a small increase, say 1%, was applied and this was used to fund vital services, then I would not mind.
10. I am a pensioner and receive no benefits although my pension in very small £9000 per year
11. I believe that increasing tax slightly to ensure the continuation of essential services is acceptable
12. I think a lot of us in work would be happy to pay up to 2% extra to preserve services for the needy and to give public sector workers a little bit of a pay rise to make them feel wanted and motivated
13. I think council tax should be reduced to help the poor but increased for the wealthy.

14. I think that the Council should clearly state how much could be raised by increasing the tax levels to allowed % and give the opportunity to either make a specific saving or pay a higher sum that would offset such a saving.
15. I think that this is a false economy that will create long term problems that will only be resolved by cuts to essential services.
16. I would consider a small increase per household to be reasonable
17. I would not mind paying a bit more though if survival of critical services depended on it.
18. I'd like to see the tax reduced.
19. If every household had to pay £5 more per month, how much could you offset your cuts?
20. If it means a poorer service & more outsourcing such as the disastrous Enterprise contract, I'd rather pay a little more
21. It would be better to raise council tax in line with inflation than to cut services too heavily.
22. It would be helpful for all if this could be done and it would give time for folk to become tuned to the idea of an increase for the following year. It cannot be said then that the Council was just hiking up the prices just for the sake of it.
23. It's hard to see how they could be reduced which is the only viable option.
24. Keeping Council Tax levels the same means that there is less money available in real terms and thus it will be difficult to maintain services at current standards.
25. Newly parished areas will see a rise though which is just a sneaky way of raising council tax and more unwanted councillors meaning more expenses etc.
26. People are finding it a struggle to keep their heads above water in the current economic situation
27. Pressure from central government to keep it low. Would not be popular at a time when public are being squeezed.
28. services need to be protected and improved
29. Sometimes you still need to raise the tax levels to maintain and perhaps reinstate services
30. Stop cutting services to those of us that need it! A small increase in council tax will help provide the services we need. By having such low council tax we are rapidly becoming a very poor county when it comes to the quality of services provided.
31. Tax the rich, please.
32. The cost of government and civil bodies in this country is excessive, the aim should be a reduction in spending in real terms year on year.
33. The decision not to raise Council Tax is being made for party political reasons. The interests and well-being of the people of the town are of no importance to the decision makers which makes this consultation tokenistic at best.
34. There is no improvement to any services offered across the borough therefore we should not pay more for less.
35. whilst appreciating that financial times are difficult I would certainly be prepared to pay slightly more Council tax if it meant that levels of Council services could be maintained or even improved
36. Whilst it is important to keep tax as low as possible in these times it shouldn't be at the cost of essential services. If a small rise is needed then so be it.
37. would not mind an increase to protect services
38. Would rather it was used more efficiently
39. Yes - families are experiencing significant hardship in the current economic climate and increasing council tax will only serve to contribute to this. It will be important to try and maintain the same level of services provided as this will be appreciated by many.
40. You need to raise funds for all sorts of things - a small increase won't hurt.

Q2. Comments made in respect of proposed options for savings

1.	•Reviewing senior management and restructuring support departments - I agree with this •Reviewing a number of staff terms and conditions – essential car user allowance for Senior managers, payment of professional fees and free car parking scheme - I agree with this •Sharing services by joining the Local Government Shared Service (LGSS) programme - this is fine as long as there is a proper consultation
2.	1. SHARING SERVICES. OK. 2. REVIEWING SENIOR MANAGEMENT. OK. 3. REVIEWING A NUMBER OF STAFF TERMS AND CONDITIONS OK. 4. REDUCE STAFF AND CUUNCILLOR TRAINING NO. 5. ENDING SUPPORT TO GROUNDWORKS PROJECT, IF THIS IS IN HOUSING, IE TREES? AND GRASS CUTTING. NO. 6. REVIEWING NON DOMESTIC RATES ECT, ECT. OK. 7. REVIEW CCTV? DO WE NEED ANY MORE, IF NOT DO NOT EN-STALL ANY MORE.
3.	100% rate relief from Charities in purpose built facilities which cannot be shared should be continued.
4.	After reading the proposals, based on the facts quoted, all of the above sound reasonable except the removing of free parking for staff. Most office based staff have free parking at work (indeed most are outside of a town centre environment). Surely this change in terms and conditions would be very detrimental to staff who would then have to pay for parking and the council would be at risk of losing some key personnel to other organisations at it would effectively be enforcing a pay cut. Why would someone work for the council when they could work elsewhere with better benefits and money?
5.	as a nurse I have no idea why the council pays for staff professional fees, I have always had to pay my own fees to the NMC staff posts should be reviewed before 'deletion' (dreadful term) it’s no use just deleting posts as this may be a false economy
6.	CCTV: Recently had my bicycle vandalised and parts stolen in the town centre. I was shocked to discover that despite being on a main road with council offices on one side and Royal & Derngate on the other, there was no CCTV covering the area. We need to stop people doing all the unconstructive stuff, dog fouling, dropping litter, vandalising, anti-society behaviour and if you haven't got lots of police or wardens on the streets then CCTV seems to be a way to see more. Walk the Talk: If we're all in it together, if difficult decisions are to be made then start at home. Reduce the number of councillors, reduce and address the waste and do things properly first time without taking short cuts (fountain).
7.	Discretionary relief would mean people could end up homeless. Working to make staff more efficient to get a more reasonable amount of work done to get more value for money from wages, Particularly maintenance staff. For instance, a neighbour had some vine growing up side of their one bed bungalow. Took two men three days to clear which should have only taken one, mostly due to the fact they were spending an average of 3 hours a day sitting in their van reading a newspaper
8.	Effective management is essential. subsidised car parking should be maintained
9.	Ending support to Groundwork Northamptonshire programme This programme has been great but support for it could be temporarily suspended until the financial climate improves.
10.	Happy to see the Council is working in partnership with the LGSS but would like to know what services will be kept by NBC and how these will be serviced by the new contract(s).
11.	Having reviewed the Groundwork website, this organisation appears to make a positive contribution to the natural and built environment, and community development. Withdrawing support would appear, in this case to be a poor option. The consultation mixes the internal budgetary issues such as terms and conditions with the external environment implications of changes to partner funding. I believe they should be considered separately.
12.	I am concerned that although the parks will be patrolled, the quality of their maintenance would decrease.
13.	I am worried about the magnitude of savings from internal restructuring. Why now?

14. I broadly support the proposal for sharing of back office services. I have serious concerns that the proposals for the review of staff terms and conditions have not been fully thought through. It is my understanding that the withdrawal of essential user car allowance will apply to all staff, not just senior managers. There is a significant risk that projected savings may not be achieved as staff may take action such as parking on street to avoid paying the proposed parking charge and undertake additional journeys to increase their mileage claims. In times of reducing staff numbers it is also important those staff that remain within the Council are properly trained to undertake their roles, including periodic updating training to ensure that they have relevant current knowledge and the proposed cuts in training budgets are potentially false economies.
15. I can't find out exactly what The Groundwork Northamptonshire programme is, but in my work which takes me into every street of Northampton and surrounding towns. The main issue with folk on the 'ground' is the state of their environment. E.g.; Rubbish, potholes, no street lighting etc.; in my opinion if people aren't happy in their 'living space' They are not inclined to be responsive to other plans on council agendas.
16. I do not understand how the shared services will provide improvements. It worries me that decisions will be made by people who are too remote and lack local knowledge.
17. I feel that in all areas there is a surplus of upper management who are paid far too much
18. I fully support all the proposals, as I think they are all good and most will have a low impact on many residents. LGSS is a great idea and should have been done years ago. Reviewing senior managers is also good because most staff do not need constants meetings and reviews to see how they are doing. It just wastes time. Also there are too many meeting with little outcome. Most of the NCC managers seem to have meetings on most days, if they were not managing staff they would have very little to do. Reviewing a numbers of staff terms and conditions - again a good idea. Why should Council tax payers pay for some of the perks, particularly professional fees and free car parking.
19. I note that this is not listed above, but I strongly disagree with the proposals to end all Class A & C Council tax discounts for unfurnished or uninhabitable properties. More enlightened councils are proposing to still give a 25% discount for a period of six months. Recognising the additional administration expense involved for collecting for short empty periods between tenancies in the rental sector particularly, they are still allowing a one month empty exemption period too. Does the Northampton Council really expect to keep track of & collect money in for such short periods? A response would be appreciated
20. I strongly support reducing levels of CCTV surveillance. I do NOT support reducing rates relief for charities nor the ending of support to Groundworks I support reviewing senior management levels and remuneration with a view to making savings (especially no over-generous redundancy payments for staff to be shed.
21. I support joining the LGSC. It's is good practice to review staff terms and conditions ensuring training is providing value for money. Non-discretionary relief and charitable support will impact on vulnerable groups. Sharing premises makes good business sense. Does CCTV prevent or support crime reduction and safer streets if so then it should be left as is.
22. I think saving money wherever possible is key - why should managers get a car user allowance? Every other council worker (myself included) has to use their own car for work purposes. Getting rid of middle management will cut costs - every other company has to do it. But get rid of ridiculous pay-offs as well. If someone chooses to leave a job, they get no pay-off. If they do a crap job, there should be no pay-off - why should you reward bad performance?
23. I would have liked to have seen details of what will happen to the council after the shared services arrangements are in place....who will be there to provide what I need? How will I know who to contact for help?
24. If most savings will be made from staff reduction, would it not be reasonable to state where and how service will be affected? If no change, why did you not make savings earlier?
25. If you want to save money then all areas should have their budgets slightly reduced - they are all important and an across-the-board small reduction will keep everyone happy (ish).

26.	In any cost cutting programme it is important for the basic and essential services to be maintained at the highest level for residents. Therefore, the biggest cuts should be made in the less beneficial (That is to the majority of citizens) services and programmes such as diversification and support for minorities just because they are minorities, Also in order to demonstrate to the public that the cuts affect every part of the organisation there should be cuts of at least twenty five per cent in Councillor's pay and allowances and senior executive salaries. Radical but both visible and workable!!
27.	Keep Charity subsidies, as pressure is on them to perform I like the idea of sharing services under LGSS, provided they are still locally accountable
28.	LGSS IS GOOD REVIEWING ALSO EFFECTS
29.	LGSS: I would prefer it if the borough council started to sell its services to other local authorities rather than buying them in. NBC needs to up its game if it wants to become a unitary; it seems silly to attempt this by being absorbed into NCC. Management restructure: This seems reasonable given recent comments in the media about NBC being top heavy. T&Cs: As long as this does not compromise the council's ability to retain and attract good quality employees. At this point in time it seems local government is struggling to offer any benefits to encourage people to consider a career in the public sector. Training: This seems short-sighted as it is cheaper to have a training budget that allows you to recruit internally than having to advertise externally. Groundwork: While this is a shame, it is not something NBC should be supporting when money could be better used elsewhere. NNDR: Perhaps charities should be encouraged to use premises outside of the town centre? Offering subsidies there may be an option, but I worry that forcing these shops to close will only mean more empty shop fronts in the town centre. CCTV: I do not think this goes far enough, I am sure there are more cameras that could be switched off with little or no noticeable difference.
30.	Local working only works if each authority has the same goals and political agendas do not take hold. Should be encouraged where a clear business case can be presented and is quick and not costly/ time consuming to implement.
31.	Mng't and support functions - there is frequently a raft of experienced and skilled personnel held-down by more senior mng't, who, if 'released' can flower into more effective managers/supervisors, with freshened ideas tempered by real work experience. While being given some incentive in the 'higher' positions, there should still be savings to be had from reduced seniority, pensions etc. Conferences are seldom cost-efficient, and severe limitations on attendance or creation should be observed. REAL value might be judged by attendance in 'own' time and VERY limited expenses - this would sort-out those who only go for the 'jolly'. Non-Domestic Rates Relief - in order to encourage lazy owner/landlords to actually get something done with empty properties, the relief should be axed or clearly linked to loans enabling development and re-use of the property, since lack of finance is the usual response re. Empty premises.
32.	Non Domestic Rates Discretionary Relief Reduction in discretionary rate relief for charities will cause them funding problems and sharing of premises is not as simple as it sounds. Charities help the community and I understood from one of the consultation meetings the possible NBC saving was small compared to the total NBC budget expenditure.
33.	Reduce senior management, if LGSS is put in place there will be no need for a full time Chief Executive. Reduce Training a good idea. Charging staff for car parking should not be needed, as car parks are already empty, charging will make it worse. Barclaycard, Nationwide, Carlsberg etc. do not charge.
34.	Reduce the amount of departments Car allowances can be reduced for local employees, use public transport. Why is there free parking, nobody else who works in the town centre gets that benefit.
35.	Reducing staff and councillor training may not be the best way of keeping staff and councillor effective in a challenging environment.
36.	Senior management should be streamlined, and held to account for poor results. They should also share secretarial support. Staff Terms and Conditions should be bought into the 21st century: Professional fees should only be met by the authority if expressly required by the role. Why are Senior Managers "essential" car users? Surely this implies extensive travel as part of the role? They should be "Market" or "Status" allowances at reduced rates. The first two days of each period of sickness should be unpaid.

37.	Sharing services by joining the Local Government Shared Service (LGSS) programme There is no evidence that LGSS is capable of producing any savings. It fails to produce any meaningful data to assess its effectiveness which has more to do with the paranoid insecurity of the Conservative administration at County Hall. Reviewing senior management and restructuring support departments The council pursued the 'headless chicken' approach once before and ended up being branded the 'Worst council in the country'. If there are senior posts that are no longer needed then they should go. The organisational structure should be driven by the delivery plans which flow from the corporate plan. This seems to me to be an ideologically driven proposal rather than a well thought through management decision.
38.	Sharing services is a good idea in principle but may result in a poorer service for Northampton residents if the service provider is based in another local authority area. A staff review usually means dispensing with some posts and sharing the workload of the now defunct position amongst other members of the team; this can only result in a less efficient service. Less training = a less informed staff = poorer service (Do you see a pattern forming here?) A workforce that is 100% directly employed by NBC would have pride in the services that they are helping to supply whereas people employed by an outside contractor are, in all probability, only interested in how little they can do in order to collect a wage.
39.	Sharing services is inevitable to assist with cost savings. However, this must ensure that the views and needs of local people are considered, so as not to have decisions being made by individuals in another part of the region. Senior management structures and benefits should be reviewed to ensure that they are not excessive and staff at these levels is proving value for money. Contribution to Charities should be reviewed so that this also presents value for money. It will be important to maintain key services of policing, education and environmental management.
40.	Sharing services may save money but will mean job losses affecting many of the Council employees & their families. Soon there will be nothing left for the Council to do as most of their responsibilities will be outsourced! Restructuring always costs money & means large redundancy packages. It puts stress on the remaining staff, causing more sickness & greater stress on those left to cope. Senior Managers should not get all the perks such as free car parking, but those on lower salaries should get free parking. Reducing staff & Councillor training is a short-sighted measure, as personal development should enable staff & Councillors to do their job better. Perhaps catering for training events should be curtailed, as long as there are places nearby where trainees can purchase food. When I was a Councillor, I felt that a lot of food was wasted when buffets were provided e.g. before Full Council & for training days. Charities & other VSO's are already receiving fewer grants, but in many cases there work is increasing because of the financial situation. If further pressure is put on them by not having NNDRDF they may be forced to close. CCTV cameras act as a deterrent as well as identify criminals; they also give members of the public a sense of community safety which will be lost if CCTV is stopped especially in the smaller local centres in the town. I have already responded about the proposal at Lings Local Centre, as Brookside Residents' Council campaigned for cameras there & there has been less trouble with anti-social behaviour & drug dealing outside the shops since they were installed.
41.	The council should do everything it can to help charities during these difficult times. Charities are already feeling the pinch because of reduced grant funding from local councils and a drop in income from their own fundraising efforts. The proposal to end support to GroundWorks is a prime example. This should not be carried through. Removing charities' rates relief will add insult to injury and make it difficult for some smaller charities to continue. Suggesting that charities share premises is purely political spin; meant to sound like a rational, common sense suggestion but in fact unworkable in many instances. Reductions in training budgets are often the first steps taken to reduce costs and have been proven to be a false economy. No CCTV cameras should be switched off. We already have fewer police officers and PCSOs on our streets because of last year's council cuts. No more! You should reinstate the police funding, keep CCTVs and stop giving our money to the town's professional sports teams.
42.	The loss of Essential Users would have a huge impact on staff within the Housing Dept. here at Westbridge, especially the Rent Income Officers and the Housing Officers. It would financially put them in an impossible situation. PLEASE SERIOUSLY RECONSIDER THIS COURSE OF ACTION. We have staff who are single parents who could not manage this loss.

43.	The main concern here is that it is not clear what restructures will achieve and which areas will be impacted so it is hard to make an informed choice. I would urge caution to ensuring that organisational memory is retained and proper arrangements for skill transfer are in place.
44.	The review of staff terms and conditions seems harsh, I can understand removing one or perhaps two benefits from non-contractual t&cs but to hit staff with a triple whammy in the face of the third year of pay freezes seems unfair and disproportionately affects those expected to provide services in an increasingly difficult environment.
45.	These seem reasonable
46.	Will a review of terms and conditions backfire? Will people want to work for this Council?
47.	With the loss of neighbourhood wardens the work of Groundwork in bringing together communities is even more important. Not only do they provide support they are also able to attract external funding to community projects. There was talk last year of employing an External Funding Officer to bring in funds for projects, if this has not been approved then Groundwork are even more important
48.	Working with public sector partners to realise economies of scale
49.	Worried about impact on staff. How much can people take before service is seriously affected?
50.	You must maintain services - this is your statutory duty. You should be charging staff AND Councillors for parking, the Public will be amazed at this perk! Changing T+C's will only demotivate your staff. Do you need Directors AND Heads of Service?

Q3. Comments made in respect of proposed areas for investment and growth

1.	* Providing vehicles to some staff whilst cutting the support offered to others to enable them to provide transport to do their job seems to me unfair.
2.	•Programme for external painting and repairs - I think that this is essential as it will make the town look better for everyone
3.	1. THAT HAS TO BE, HEALTH AND SAFTY, OK? CONTRACTORS MY BE THAY ARE RESPONSIBLE. 2. NO WAY, NOT IN MY STREET, I AM SICK OF BALLS BOUNCING AND IT IS MOSTLLY BASKIT BALL, AND IF YOU NO AYNTHING ABOUT THAT, IT IS A POUNDING THAT GO'S RIGHT THROUGH THE WALLS AND CLOSED WINDOWS, AND THERE IS NO WERE,THAT IT WILL BE SAFE FROM TRAFIC, AND THE PARKED CARS, IN LONDON WERE I USED TO LIVE THEY TOOK ADVANTAGE OF SCHOOL PLAY GROUNDS, TO DO THIS, CAN WE NOT PUT THIS IN TO A WARDEN CONTROL PRODJECT, AND MOST OF THEM HAVE A CCTV TO KEEP AN EYE ON THINGS. 3. SEEK SPONSORSHIP OK. 4. PROVIDE VEHICLES FOR PARK RANGERS/ WARDONS THIS COULD BE USED AS-WELL TO MONITOR THE BALL PARKS AS WELL AS THE PARKS.OK. 5. CAPACITY TO ANALYSE, ECT, ECT. OK. 6. PROVIDE FLOATING SUPPORT. OK. 7. PROGRAMME FOR EXTERNAL PAINTING AND REPAIRS. OK.
4.	Agree to all proposals above.
5.	All of the above are very important for growth in Northampton. The last one on external repairs is very important as MANY areas in Northampton look VERY run down which adds to the general lack of care many people take of their homes and environment
6.	All of these sound sensible to me.
7.	Are two vehicles needed for park rangers? As the four part time rangers work in particular parks surely they don't need a vehicle, it is just the full time ranger covering a number of parks that needs transport.
8.	External painting and repairs makes everyone feel better about where they live and is the most effective option on this list. Street football schemes are positive and worthwhile. Sponsorship keeps the costs down.
9.	find a way to promote small and local businesses at high profile events

10.	Great ideas. Although not popular the securing of Greyfriars will be costly but by demolishing it new opportunities for development can occur and it won't continue to be a burden.
11.	Greyfriars: I would assume this is a health and safety responsibility rather than optional investment in the town centre. Football: These schemes have worked well, but does an hour a week really make an entire estate safer? Surely something could be done to partner with schools to offer after school sessions every night? Sponsorship: This seems sensible, although corporate sponsorship in the current climate is very difficult and requires a lot of investment for often little pay off. Perhaps this is something that NEP should be tasked with achieving? Rangers: It depends on the vehicles, off-road cars or quad bikes? Park rangers should not be performing the role of a PCSO, so perhaps the money would be better invested in community safety. CSP: This is something the police should be responsible for. Vulnerable tenants: This seems like something a local authority should be doing. Repairs and painting: If this is for the council's housing stock then perhaps it should wait until after the stock transfer decision is made?
12.	Happy to support the most vulnerable. If the Council did not, who would?
13.	How is employing security officers for the bus station an investment in growth? It is an expense. This is simply political spin. Give the park rangers mountain bikes! You are cutting car allowances and free car parking for everyone else. Inconsistent and lack of joined-up thinking. "Increase capacity to analyse issues and plan for action in community safety partnership" Gobbledygook! What you need to do, in plain English: put more PCSOs on our streets!
14.	How much will securing Greyfriars cost & if it is going to be demolished anyway, should you spend on security? Street football has had a good uptake & has been really successful in diverting some young people from ASB. If sponsorship can be found for events that is good as long as ticket prices do not exclude local people. Perhaps the Northampton Card should be re-introduced so that people living in the Borough could get automatic reductions to events. Why can't park rangers have bikes, much cheaper, & less harmful to the environment? Why are there no resident group representatives on the Community Safety Partnership? Localism seems to have been lost in the Council as our Neighbourhood Partnerships, Neighbourhood Managers & the groups they held have all been lost. I agree with support for vulnerable residents, whether they are tenants or not. Surely there is an n on-going programme for external painting & repairs from HRA.
15.	I am unconvinced of the value for the street football initiative - too narrow a focus. The rest seem sensible.
16.	I do not support street football.
17.	I like the idea of giving young people something to do, but more options than just football. Need to engage all young people, give them activities which they would like, e.g. drop in centre at Abington Park
18.	I support all of these
19.	If Greyfriars is vandalised prior to demolition would it matter? It's coming down anyway! Street football scheme is an excellent idea but make sure that its availability is well publicised. Yes to sponsorship...vehicles for park rangers...more help for community partnership...support vulnerable tenants and have a programme for external repairs and painting
20.	In the current economic climate these items are low priority, except for painting and repairs, Demolish Greyfriars before the vandals have a chance. Street football!!!? You must be joking. Parental control works much better. Why spend money on trying to attract people to a town centre as run down as Northampton? Send the wardens out more often in the vehicles they already have. Another committee and its related costs!! Direct "vulnerable Tenants" to C A B, age U K and Community law service.
21.	Invest in street football scheme to divert young people form anti-social behaviour. Any investment in young people will be worth it to encourage them to use their free time in a positive way.
22.	Is that it... that is all you have for "investment and growth"? I would say that painting and repairs / securing Greyfriars and making park rangers more efficient is business as usual isn't it?
23.	leave community safety to the PCC
24.	no comments in these areas

25.	No expenditure on Greyfriars just get on and demolish it. Street football project should be closed. No help for tenants just make sure they pay or remove them and give them to Northampton people who need them and who have lived here all their life.
26.	Not sure about street football on its own. I am concerned that this may be a pet initiative. I think this type of thing would be better provided by the voluntary and third sector.
27.	Programme for external painting and repairs Prolongs the life of property and stops it looking shabby
28.	Regarding the repair programme, I feel more use needs to be made of the community payback scheme to keep employment costs down. If you got these people doing basic painting and litter picking jobs regularly you would save a lot of money having to employ staff to do it
29.	Secure Greyfriars - Why not let the police do this? There are a number of things that get ignored already at the bus station. It is a non-smoking building and yet passengers and drivers still smoke and never get challenged even when there are supposed to be fines, whoever gets fined? It is either against the law or it isn't, so why not let the police patrol the building at nil cost to NBC. It is against the law to vandalise buildings, so let the police convict some of the vandals. I have no views on the others points.
30.	Secure Greyfriars from vandalism? Have you seen Greyfriars recently?? Let the Cobblers run Street Football. You have a statutory duty to care for vulnerable people - why are you asking?
31.	SECURE THE GREYFRIARS
32.	Sponsorship might be extended from only high-profile events, to the provision of small vehicles for Park Rangers with associated advertising. Property repairs and maintenance - how about trying to encourage out of work tenants (and I observe plenty drinking lager on their front steps in good weather!), to undertake their own painting and simple maintenance under the guidance of a skilled artizan who is contracted commercially to lead and mentor the tenant on his own or neighbour's properties? Sure there will be insurance problems, but nothing is achieved without some risk. 'Trained' tenants might hen be employed on other properties to the general good of employment and self-esteem.
33.	support for the vulnerable is important
34.	Surely playing football in the street is anti-social?
35.	The cost of securing Greyfriars should be met by the developer High profile events should either be sponsored, or self-funding Park Rangers should patrol using Mountain Bikes, as this would make them more accessible The newly elected PCC should provide fund any analysis into community safety. Stop creating extra layers which do nothing but complicate the issue.
36.	The council should provide some investment for the footpaths in the open spaces in East Hunsbury which are in an advanced state of disrepair.
37.	Think these are all very positive
38.	Why secure a building from vandalism if it is about to be demolished. Get those who cause the vandalism to take of the external painting and repairs No need to increase park rangers, let the police do the job which we pay them to do.
39.	Why secure bus station if it will be demolished? a waste
40.	Working with public sector and voluntary partners to align services based on needs and priorities

Q4. Any other comments or proposals for savings:

1.	A) The employment of staff that live elsewhere in the COUNTRY ... not County...and yet are continually given hotel accommodation whilst working here. B) Consultancy Fees The above two areas are in need of an overhaul please.
2.	Again in my job.... if I'm ill I don't get any pay. I hear people in the street complaining of all the 'sick' days taken in government offices. Lots of money paid out for no return. Yes help men and women with real health problems but be bold don't pay any money for those first five days and see how much will be saved in the first year!

3. Although it is difficult in the current economic climate, I would like to see NBC take on a greater community leadership role. Love Northampton and Northampton Alive are a start, but there needs to be something for the wider community - big society needs to be embraced and supported, helping people to make a difference. The council has a great many resources at its disposal, but it needs to make greater use of them. NBC needs to start taking on some of the work of other councils and not the other way around. The LGSS idea shows NBC has a lack of confidence in the services it delivers.
4. Apart from above, I think you have got it about right this time. Well done.
5. Continue with savings on lighting. However, maybe spread it out as same places are pitch black and others far too light.
6. Cut out all refreshments. Cut out all payments for people that attend meetings. It is up to them to get involved.
7. Do not agree with spending anything other than the essential, mandatory and legally committed funds.
8. do social workers need payment for having students, as a nurse it is part of my role and contract to train nurse of the future, why are social workers different?
9. Employ an External Funding Officer to help community groups to bring in funds that are not directly available to the council.
10. Ensure that any officers do not claim excessive an expenses ad that any visits/events attended by officers are beneficial to the county and a tangible return on investment can be seen. Reduction in non-important civic functions and events. Encourage sustainability and recycling initiatives. Vulnerable groups in our society need be protected and supported, and investment in these should be maintained as far as is practically possible, encouraging private investors to recognise their social responsibilities.
11. I read that the leader of the council employs a staff of spin doctors. Sack them all and save money that way. Focus on looking after the most vulnerable in society and pay more attention to the public.
12. Increase Council Tax by 1.9% Increase NBC rents by £1.50 per week Restructure Heads of Service/Directors into single posts.
13. Increasing the support for Neighbourhood Wardens could possibly make long term savings in other ways.
14. Invest in skills and growth where possible.
15. Is the council paying for the ice rink in the market square? I very rarely see anyone on it; surely this is being run at a loss...
16. Make people a little more responsible for their property, we have a council house but unless the jobs are too dangerous or involve the gas, water etc, we do it ourselves
17. MY OVER ALL CONCERN IS, THAT WE MAKE THE RIGHT CUTS IN THE RIGHT PLACES,, THIS IS BEST JUST BECAUSE IT LOOKS GOOD.
18. No comment
19. Reducing staff numbers is not always effective in the long-term. Effective management can promote efficiency and delivery of services. Where unnecessary management occurs however it should be cut/ combined. Rent parts of the guildhall to other bodies. Charities, NHS services even business to help reduce running costs/ provide income. Kettering Borough Council is in a strong position compared to NBC. Open dialogue with them. Obvious savings such as not providing plastic cups, paper towels etc. all add up.
20. Seek sponsorship from Motor-Manufacturers for the Mayoral Car, which must be getting a little long in the teeth by now. Such companies might also provide or employ the chauffeur. Sponsor apprenticeships, both craft and 'student' at the local University, Colleges and Silverstone/Daventry/Corby, in order to grow own future skills with commitment to locality.
21. Tenants involved in the stock options review are being fed and watered; they could bring their own sandwiches and save several hundreds-if not thousands-of pounds. As Tesco are wont to say; 'every little bit helps'!

22.	The council should actively pursue a reorganisation into a unitary Council serving Northampton, with a separate unitary council for the rest of the county. This is the model adopted in Wiltshire where they have a Swindon Unitary Borough, and a County Unitary for the rest of the county. This has helped achieve 10 million savings per annum for the taxpayers of Wiltshire.
23.	Time to scrap the town show. It is so underfunded that it is embarrassing.
24.	Where to start? Improve public transport - make more affordable, increase usage and remove stigma associated with using the bus. Consider an orbital route in Northampton connecting Brackmills, Hunsbury, Sixfields, Duston, Kingsthorpe, Weston Favell Shopping Ctr, Riverside. Invest in cycle lanes and pathways to make it easier and improve safety for cyclists. The market square should be a hub of activity - the street entertainers at the Frost Fair should be regular visitors with other similar things - license or arrange for quality buskers / small acoustic music groups to bring people in and make their time in the town more of an experience. Do what you can to encourage the independent and artisan identity of St Giles Street into other parts of the town centre. Public art and exhibitions in space by All Saints, Market Square? Give higher profile to our hidden gems - the museum, No78 Derngate, All Saints Church, St Peters Church, Becket's Park. Exeter and Oxford for me are two examples of how a town centre works well. Northampton has so much potential if only investment and the vision was there to realise it. I am really passionate about this, I think it's a wasted opportunity currently.

Appendix 1b

Extract from Overview and Scrutiny Minutes 31 January 2013

5. DRAFT BUDGET 2013-2016

The Committee considered a report on the Council Wide Draft Budget 2013-14.

The Overview and Scrutiny Reporting and Monitoring Working Group met on 9 January 2013 and identified the following budget proposals that it wished to scrutinise further.

The items were:-

- Savings Arising from Changes to Terms and Conditions (General Fund)
- Savings from moving services into LGSS Conditions (General Fund)
- Raising sponsorship to offset cost of NBC events Conditions (General Fund)
- Dealing with Welfare Reform and the Impact on Rent Income Collection Conditions (General Fund)(HRA)

Savings Arising from Changes to Terms and Conditions (General Fund)

Councillor Mackintosh as the Cabinet member with responsibility for changes to terms and conditions and Councillor Bottwood as Finance Cabinet Member addressed the Committee to discuss this Budget proposal. The main points of discussion were as follows:-

It was explained that this matter impacted on both the General Fund and the Housing Revenue Accounts.

Members asked if the proposals had had an effect on staff morale and what feedback had been received during the consultation process. It was felt that there had been an impact on staff morale but that it needed to be taken in the context of the current difficult economic climate. Staff realised that there were several additional pressures on the amount of money available to deliver services which also had to change rapidly to encompass major new legislation.

It was explained that the whole consultation process had started in October last year. The main focus :

- Essential Car User Allowances – Removal of the essential car user allowance and replace with a casual car user allowance.
- Professional Fees
- Charging Staff for car parking.

At the same time employees were also asked if they wished to put themselves forward for voluntary redundancy or early retirement.

There were 22 people interested in voluntary redundancy 19 of those were in services which were to be subject to reorganisation. Therefore 3 people were agreed for voluntary redundancy release. The release of those concerned had been agreed by their managers and a Panel which looked at the impact that their leaving might have on the service.

Members questioned whether these changes could be implemented if they were part of employees' contract. They were advised that changes in the contracts were introduced as part of the pay and grading exercise and introduced a condition that non contractual conditions such as essential car users allowance could be changed if three months' notice was given.

The combined savings achieved from the agreed voluntary redundancies and the removal of the essential car user allowance was sufficient to achieve the required salary savings for this year. It was therefore decided to give 12 months' notice that the other proposals i.e to remove payment of professional fees and the introduction of staff car parking charges would be introduced in 2014.

Members were advised that the Trade Unions had not agreed to the changes and had stated that they intended to hold a ballot of their members.

Members asked whether alternatives to essential car use had been considered and were advised that car-pooling had been investigated but that it was not viable for the Council to introduce. This may change in the future if a scheme was introduced as part of any future partnership agreements.

Members also queried how the staff car parking fees would be determined. Consultation had been based on a percentage of salary scheme, but feedback received from staff had been divided between preferring that or a flat rate fee scheme. Members also queried whether they would be included. They were advised that during consultation it had become obvious that there were many different elements that needed to be considered before the scheme was introduced and this was one of the reasons that it had been deferred for a year.

Savings from moving services into LGSS Conditions (General Fund)

Councillor Bottwood addressed the Committee to discuss this Budget proposal. The main points of discussion were as follows:-

The principle to take part in negotiations with Northamptonshire County Council and Cambridgeshire Council was agreed by Cabinet last year. Detailed arrangements are now being considered.

There have been several project teams looking at various elements of the proposal and the current focus is maintaining levels of service when services transfer over to Local Government Shared Service (LGSS) Draft Service

Level agreements are being considered and will be reviewed by Management Team in the next week. Services were in the process of making preparations to ensure that when the changeover happened there would be no detrimental change in the service delivered to the customers.

Members queried where the setting up costs were coming from and whether the £415,000 anticipated savings in the first year took these into account. They were advised that the setting up costs were being found from an improvement reserve. It was confirmed that the £415,000 was an estimate at a point in time and would be recalculated at the negotiation phase, taking into consideration issues such as where staff were based, office accommodation etc.

Members also asked whether the project was still on course to deliver those savings. David Kennedy, Chief Executive, confirmed that a timetable was being worked to and the initial proposed start date was 1 April 2013, but it was acknowledged that there could be a delay to 1 May or 1 June 2013. If there was a delay there would obviously be a corresponding reduction in the amount of savings achieved this year. Members were advised that there would be a review of all budget options undertaken by the Director of Resources before the final budget consideration and if necessary figures would be revised at that stage.

The financing of local government is undergoing rapid change and it was increasingly important to ensure that services were being provided at the best possible cost and that involves more effective partnership working under agreements such as LGSS.

Members questioned whether the aim was to simply to provide services at the same level, but were advised that this was a starting point and that it was hoped that by working in partnership then improvements would be made and there would be an increase in the quality of service over time. There were some services that the Borough Council currently excels at and the aim is that by working together the other partners will adapt best practice and their services will improve. In a similar way other partners' areas of expertise would influence Borough Council services.

With regard to risk, there will always be an element of risk when undertaking such a high level change process; however members were assured that the various project boards were continually undertaking reviews to risk levels.

Members were reminded that there has been an LGSS Scrutiny Inquiry which has been looking at the details of the agreements as they have become clear. All Members have been invited to attend those meetings

Members were advised that the details of the LGSS Scrutiny Inquiry were available on the Intranet.

Raising sponsorship to offset cost of NBC events Conditions (General Fund)

Councillor Eldred, Cabinet member for Community Engagement addressed the Committee to discuss this Budget proposal.

The main points of discussion were as follows:-

The aim of this budget proposal was to obtain sponsorship from local businesses for events .This began at Christmas when a local car company sponsored a Christmas tree in the Market Square. The ultimate aim would be to create enough sponsorship to make the Events Team self-funding and generate income which could then be used to provide further events.

The budget contribution for the first year was set at £5,000 but the second year is £70,000. Members queried whether this was achievable and whether someone had been specifically employed to seek company sponsorship for events. No specific staff had been taken on, there had been a sponsorship and promotion pack created last year which would be used. It was felt that the initial £5,000 was cautious and that there would be a lot of opportunities for sponsorship associated with the Northampton Alive event at Delapre Abbey. The tickets for Northampton Alive were selling well and it was hoped that if that proved a success in its first year then it would build a reputation and it would be easier to attract sponsorship in the future. It was emphasised that it was intended to obtain sponsorship for other events and hopefully grow the whole events programme.

Members queried whether costs for cleaning up and reinstatement after events like those at Delapre Abbey had been taken into account. It was emphasised that the Delapre Abbey event was being run by professional organisation and that these issues would be dealt with.

There was some discussion around whether the proposed level of savings was achievable. It was accepted that it is a difficult economic climate and it may be harder to find companies who are willing to sponsor events if their advertising budgets have been cut. It remained to be seen if the proposals for this year were achieved which could give some indication .Projected levels for the first year were low and if necessary figures for future years would need to be reviewed in the light of the most up to date information.

The Chair suggested that it would be a useful role for the overview and Scrutiny Committee to monitor, in 12 months' time, whether the income generation of £70,000 could be achieved. The Committee agreed that this would be an important issue for it to scrutinise.

It was requested that data on the overall costs of events be forwarded to the Committee for its information.

AGREED: The Cabinet Member for Community Engagement be invited to the Overview and Scrutiny Committee in a years' time to discuss how successful the raising of sponsorship had been.

Dealing with Welfare Reform and the Impact on Rent Income Collection Conditions (General Fund)(HRA)

Councillor Markham, Cabinet Member for Housing, addressed the Committee to discuss this Budget proposal.

The main points of discussion were as follows:-

This was another item which had an impact on both the Housing Revenue Account and the General Fund.

The Welfare Reform Act will be introduced in April 2013 and Universal Credit will be introduced in October. The proposed budget was to provide an additional 2 or 3 members of staff on 2 year fixed term contracts. They will be available to provide advice and assistance on all aspects of the welfare reform changes as they impact on Council housing tenants.

There has already been a considerable amount of work done identifying 1,200 tenants who have been identified as being affected by the Welfare Reform changes.(70- 80 families who may be affected by the Welfare Reform Cap). It was confirmed that the Overview and Scrutiny Committee could be provided with more details on this data.

It was highlighted that the Council had communicated with people that it felt would be affected and was aiming to help prevent them from getting into difficulties. Existing housing staff have been contacting tenants, initial attempts at contact have been made by phone, including calls at evenings and weekends to talk to tenants and make sure that they are aware of the changes and how they might affect them and discuss their preparedness. If tenants cannot be contacted by phone then they will be written to, inviting them to come and discuss the changes with housing officers. Some tenants are aware of changes and are trying to make provision; others are unwilling or possibly in denial about what it means to them.

It was acknowledged that it was not just Council tenants that will be affected and that there were also other factors such as changes in local Council Tax benefit which will cause problems to some people. The aim is to try and prevent as many people as possible from falling into debt. Tenants would also be signposted to other agencies for help with budget management etc. If however they do fall behind in their rent payments then action will be taken to clear arrears and ultimately eviction action would be started.

Members welcomed the efforts being made by the Housing Staff but expressed concern there would still be many people adversely affected who would still not come and discuss their problems until they found themselves in difficulties and then the additional staff provided would not prove adequate. Out of those currently contacted 221 have acknowledged the problem and were taking actions, others said they would deal with it when it happened or did not actually accept that it was happening.

Members expressed concern that the other agencies might be unable to cope with resulting demand, as they too were under financial constraints. Members were advised that the Leader of the Council, the Cabinet Member for Housing and the Chief Executive were aware of this problem and were meeting with other agencies next week.

Members also felt that there was a very real danger that some people would simply be unable to cope. There may also be issues regarding the fact that many people have had housing benefit paid directly to their landlords and never had to budget and pay rent directly. The Committee was informed that in some cases it may be possible for payments to be made directly.

It was likely that Members would also find themselves having to deal with an increased case load as people became affected by the changes and turned to Members for help. A Member briefing session on Welfare Reform changes is being held on 19 February.

Members asked what would happen to those people who were unable to meet their rent commitments. In very extreme cases then there may be some provision to help those people who are very vulnerable. In appropriate cases then action will be taken to obtain possession.

AGREED: The Cabinet Member for Housing be asked to the Overview and Scrutiny Committee in six months' time to give an update on the impact of the new Policies**.**

Appendix 1c

Extract from Audit Committee Minutes 14 January 2013

7. RISK REVIEW OF 2013/14 BUDGET OPTIONS

The Assistant Head of Finance presented the risk assessment of the budget proposals for 2013/14 for the Committee's consideration. In support of the statement relevant Heads of Service had completed risk assessments of their services as part of the MTP Options budget proforma. Other risk work has also been and is being undertaken in relation to the budget proposals regarding whether or how take a proposal forward.

A Member asked about the impact on relevant staff of the proposal for the Council not to pay professional fees and the removal of essential car allowances (MTP 157 and 188). The Director of Resources stated that there would be an impact on those staff whose job description required them to be members of a professional institution in order to undertake their job. This was not a large number of staff, however. Any officer who took over paying his/her professional fees personally could claim tax relief against those fees. Discussions were taking place with staff and consultations with the trade unions were on-going regarding the essential car allowance. This issue would be considered in respect of risk and therefore it might not be possible to implement any changes by the target date of 1 April 2013. It was noted that car mileage would continue to be paid to all staff using their cars on work related matters if the essential user allowance was removed.

Officers provided information, as summarised below, in response to Members' questions and comments:

- MTP 103: Raising sponsorship to offset costs of NBC events – some opportunities had been identified and it was considered the savings could be achieved but there was a risk that this might not be possible. There would be a risk to events beyond 2015/16 if sponsorship could not be achieved;
- MTP 109: Introducing parking permits for commuters – the costs of opening the car parks on a 24 hour basis had been taken into account and the income figures presented were net;
- MTP 146: Review of National Non-Domestic Rates Discretionary Relief Scheme – consultation was taking place with organisations that would be affected by any changes to the scheme and the organisations were aware of the risks involved;
- MTP 158: Reduction in the training budget – the proposed reductions were in the corporate training budget. There would still be departmental training budgets. The changes would have some impact on staff training, however;
- MTP 166: Savings arising from moving services into LGSS – the savings of £415,000 estimated for 2013/14 excluded transitional costs, which would be funded through the Reserves. There would be a number of efficiency savings which would be funded from the reserves as a one-off. It was noted that a breakdown of savings by service had been reported to the LGSS Scrutiny Inquiry Panel on 20 December 2012;
- MTP 190: Review of CCTV cameras – it was only proposed to stop monitoring a small number of cameras and very careful consideration would be given as to which cameras they would be.

With regard to a number of items identified in the report Members asked that the following notes be added to the key consequences/risks of delivering the proposals, as summarised below:

- MTP 45: End support to Ground Works Scheme – that projects may not be completed and that the organisation might cease to function;
- MTP 103: Raising sponsorship to offset costs of NBC events – that the figure for 2013/14 appears to be achievable but that the figures for subsequent years be considered in the light of what is actually achieved in 2013/14;
- MTP 146: Review of National Non-Domestic Rates Discretionary Relief Scheme – that the impact on the viability of charities and the services they provide be indicated.

RESOLVED:
That the report be noted with the addition of the notes requested by Members in the preamble above in relation to the key consequences/risks of delivering the proposals.

Appendix 3

Changes since 19 December Cabinet

Description	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16
GF Revenue Budget Requirement - Dec Cabinet	28,353,787	27,617,951	27,914,207	28,155,798
Recharges from GF to HRA		74,755	(2,569)	(14,080)
Contribution to GF Balances			65,450	
Council Tax Freeze Grant		1,579	1,579	143,140
CTRS Grants		131,644		
Parish Grants		(8,105)	(8,105)	(8,105)
Parish Precepts		179,573	179,573	179,573
New Homes Bonus		(2,042,408)	(2,042,408)	(2,042,408)
Contribution to/(from) Earmarked Reserves		2,169,176	2,042,368	2,042,323
Off-street parking review		40,000	40,000	40,000
Revised total	28,353,787	28,164,165	28,190,095	28,496,241
Current report	28,353,787	28,164,165	28,190,095	28,496,241
Difference	0	0	0	0

GF Total Funding - Dec Cabinet	(28,353,787)	(27,617,951)	(26,614,025)	(25,500,252)
Revenue Support Grant		(1,038,982)	(32,348)	310,403
Locally Retained Business Rates		705,055	522,008	337,475
Parish-related Council Tax		(179,573)	(179,573)	(179,573)
Surplus on Collection Fund		(32,714)		
Revised total	(28,353,787)	(28,164,165)	(26,303,938)	(25,031,947)
Current report	(28,353,787)	(28,164,165)	(26,303,938)	(25,031,947)
Difference	0	0	0	0

Appendix 4

General Fund Budget Summary 2013 - 2016

Description	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16
Summary				
Service Base Budget	31,974,131	32,022,843	31,822,843	31,822,843
Service Continuation Budget	-	(16,180)	593,370	1,312,741
Total	31,974,131	32,006,663	32,416,213	33,135,584
Medium Term Planning Options				
Savings and Efficiencies	-	(1,257,330)	(1,888,360)	(1,932,050)
Growth	-	102,760	79,270	79,850
Total MTP Options	0	(1,154,570)	(1,809,090)	(1,852,200)
		30,852,093	30,607,123	31,283,384
Corporate Budgets				
Debt Financing	1,810,900	1,642,920	1,953,310	1,548,910
Recharges from General Fund to HRA	(4,831,000)	(4,704,634)	(4,771,343)	(4,829,364)
Council Tax Freeze Grant	(353,200)	(141,561)	(141,561)	-
Transition Grant	-	(56,030)	-	-
CTRS Grants	-	131,644	-	-
Parish Grants	(20,287)	(28,392)	(28,392)	(28,392)
Parish Precepts	976,291	1,021,864	1,021,864	1,021,864
New Homes Bonus		(2,042,408)	(2,042,408)	(2,042,408)
Contribution to/(from) Earmarked Reserves	(1,303,048)	1,488,669	1,526,052	1,542,247
Contribution to/(from) General Fund Balances	100,000	-	65,450	-
Total Corporate Budgets	(3,620,344)	(2,687,928)	(2,417,028)	(2,787,143)
Revenue Budget Requirement	28,353,787	28,164,165	28,190,095	28,496,241
Funding				
Revenue Support Grant	(252,807)	(8,970,847)	(6,873,830)	(5,386,803)
NNDR	(13,041,537)	-	-	-
Locally Retained Business Rates	-	(5,968,059)	(6,151,106)	(6,335,639)
Total Formula Grant	(13,294,344)	(14,938,906)	(13,024,936)	(11,722,442)
Council Tax				
NBC Council Tax	(14,083,152)	(12,170,681)	(12,257,138)	(12,287,641)
Parish-related Council Tax	(976,291)	(1,021,864)	(1,021,864)	(1,021,864)
Total Council Tax	(15,059,443)	(13,192,545)	(13,279,002)	(13,309,505)
Surplus on Collection Fund		(32,714)		
Total Funding	(28,353,787)	(28,164,165)	(26,303,938)	(25,031,947)
Remaining Gap	0	0	1,886,157	3,464,294

General Fund Schedule of MTP Options

Description	MTP Reference	MTP Option Details	Value 2013/14	Value 2014/15	Value 2015/16
Savings arising from internal services	43, 61, 62, 161, 186, 187, 189	Savings arising from Management and Staffing restructure	(478,219)	(514,123)	(515,093)
	157	Removal of Essential Car User Allowance for Senior Management	(11,757)	(11,757)	(11,757)
	188	Savings arising from changes to Terms and Conditions	(192,564)	(385,000)	(385,000)
	166	Savings arising from moving services into LGSS	(415,000)	(752,000)	(764,000)
	158	Reduction in Training budget	(40,000)	(40,000)	(40,000)
	31	Reduction in Councillor Training and Conference budget	(6,000)	(6,000)	(6,000)
		TOTAL	**(1,143,540)**	**(1,708,880)**	**(1,721,850)**
Externally focused savings	146	Review of Discretionary National Non-Domestic Rates Scheme	(70,000)	(70,000)	(70,000)
	45	End support to Ground Works Scheme	(25,000)	(25,000)	(25,000)
	103	Raising sponsorship to offset cost of NBC Events	(5,000)	(70,000)	(100,000)
	190	Review of CCTV	(13,790)	(14,480)	(15,200)
		TOTAL	**(113,790)**	**(179,480)**	**(210,200)**
Total savings and efficencies			**(1,257,330)**	**(1,888,360)**	**(1,932,050)**
Growth	6	Protecting Public Spaces from illegal encampments	15,000	15,000	15,000
	11	Improving action planning and analysis in Community Safety	20,000	31,000	31,000
	107	Securing Greyfriars before demolition	35,000	0	0
	165	Diverting young people from anti-social behaviour	20,000	20,000	20,000
	159	Providing vehicles to increase patrols by Park Rangers	12,760	13,270	13,850
Total growth			**102,760**	**79,270**	**79,850**
Overall Total			**(1,154,570)**	**(1,809,090)**	**(1,852,200)**

Appendix 6a

Movements on Earmarked Reserves Incorporated in Budget Proposals

Contributions to Earmarked Reserves

Reserve	£	Reason
Delapre Abbey Reserve	75,000	As agreed by Council in February 2011 as part of the 2011/12 budget
LGFR Impact/Future Budget Pressures Reserve	406,348	Risks to future funding arising from Local Government Finance Reform and specific short to medium term budget risks.
Car Parking Income Reserve	200,000	Earmarked Reserve against risks to future car parking income receipts
Asset Management Income Shortfall	21,760	To bring the reserve against risks to property income arising from the economic downturn.
Salix Reserve	14,675	Ring fenced Salix savings paid into Salix earmarked reserve.
Insurance Reserve	195,708	To increase the insurance reserve to the actuarial assessed level for 2013/14
New Homes Bonus	2,042,408	To pay in the allocation for 2013/14 once received
	2,955,899	

Creation of New Earmarked Reserves

Reserve	£	Reason
Domestic Homicide Reviews	50,000	NBC contribution for Domestic Homicide Reviews
HIMO Licensing Spend to Save	100,000	Reserve for spend to save scheme for issuing licences for private rented housing as HIMOs
Equal Pay Costs	300,000	Reserve against the risk of incurring equal pay costs
PES Risks	517,000	Reserve against risks arising from outsourcing of the PES contract
LGSS Set Up Costs	470,000	For the set up costs of LGSS
Licensing Risks	38,000	Risks of licensing enforcement
	1,475,000	

Reserves Recommended for Removal

Reserve	£	Reason
Pay and Grading Project Reserve	-396,206	Project fully concluded
Reserve for Market Testing ICT	-41,365	Superseded by LGSS project
Corporate Training Reserve	-36,160	Not used for several years
NAPS Reserve	-1,352	Project fully concluded
IFRS Risks Reserve	-150,372	IFRS regulations now bedded in and residual risks considered resolved
Carbon Tax	-33,000	Now Built into base budget
Food Waste Reserve	-161,701	Funding no longer required
Waste Partnership Reserve	-4,497	Funding no longer required
Leasing Reserve	-7,320	Funding no longer required
Big Society	-100,000	Reprioritisation of funding
	-931,973	

Contributions from Earmarked Reserves

Reserve	£	Reason
Utilities Price Risk	-50,000	Reduction in reserve reflecting new contract
Skate Park Maintenance	-1,400	To fund the 2013/14 cost of the maintenance of the Skate Park
Staffing, Restructuring, Redundancy Costs etc	-529,990	To fund the redundancy costs of the various restructures in the budget and the voluntary redundancy review incorporated in the Terms and Conditions budget option.
Prior Year CTB Claims Contingency	-344,211	To increase the reserve against the risks of high levels of back dated council tax benefits claims due to the demise of council tax subsidy from April 2013.
Recharges Shortfall	-74,755	To cover reduction in recharges to HRA due to impact on model of how the detail of the savings falls
Housing & Planning Delivery Grant	-247,209	To fund relevant planning costs identified in the plan for HPDG usage
New Homes Bonus	-40,000	Displacement Car Parking re Station Development
New Homes Bonus	-557,692	Enterprise Zone delivery costs
New Homes Bonus	-135,000	Funding for the Councillor Community Empowerment Fund
New Homes Bonus	-30,000	Funding for Neighbourhood Planning
	-2,010,257	

Net Contribution To/(From) Earmarked Reserves	**1,488,669**

Appendix 6b

Schedule of Earmarked Reserves Held

Earmarked Reserve	Expected Balance 31/3/2013 £	Proposed Budget Movements 2013/14 £	Expected Balance 31/3/2014 £	Description
Reserves which must be used for the Purpose				
Grants and Conditional/Contractual Funds	-4,935,650	-1,032,507	-5,968,157	Reserve for Revenue Grants and Conditional/Contractual Funds
Insurance	-2,143,246	-195,708	-2,338,954	Reserve to reflect actuary valuation relating to self insurance.
Carbon Management (Salix)	-169,711	-14,675	-184,386	Ring fenced under the terms of the SALIX grant funding. Can only be used for carbon management schemes
Rent Deposit Scheme	-160,000	0	-160,000	Reserve held against the bonds given under the rent deposit scheme.
Arts	-19,145	0	-19,145	Ring fenced under the terms and conditions of the bequest. Can only be used for Arts and Culture and only in certain circumstances
Leasing	-7,320	7,320	0	Reserve for the management of lease phasing over year ends
Joint Planning Unit	-78,000	0	-78,000	Surplus JPU contributions
	-7,513,072	**-1,235,570**	**-8,748,642**	
Reserves Committed but Not Spent				
Supporting Business/Economic Growth	-106,345	0	-106,345	Reserve to support regeneration work and enable/encourage businesses to open and expand, enhancing the local economy
Central Area Action Plan	-113,562	0	-113,562	Reserve held against the costs of the Central Area Action Plan
Delapre Abbey	-572,096	-75,000	-647,096	Reserve for costs of restoring Delapre Abbey
Office Moves	-10,929	0	-10,929	Reserve for costs of office moves
Core Business Systems	-253,837	0	-253,837	Reserve for upgrading financial systems enabling the revenue efficiency savings offered in the budget to be made
Emergency Building Maintenance	-308,770	0	-308,770	Reserve held against unforeseen emergency building works
Performance and Change/Service Improvements	-637,878	0	-637,878	Reserve held against the Council's improvement agenda. Part allocated to specific projects currently in progress
St Johns/Grosvenor/Greyfriars Advice	-81,518	0	-81,518	Reserve for the costs of these projects that cannot be capitalised
Staffing, Restructuring, Redundancy Costs etc	-1,159,990	529,990	-630,000	Reserve for redundancy costs, pension strain and related costs arising from staffing issues and redundancies
LGSS Set Up Costs	0	-470,000	-470,000	Costs of going into LGSS
Equal Pay	0	-300,000	-300,000	Reserve against risk of equal pay claims and related issues
Market Testing ICT	-41,365	41,365	0	
Skate Park Maintenance	-36,942	1,400	-35,542	Reserve for the annual maintenance costs of the Skate Park
Hazelrigg House Dilapidations	-26,776	0	-26,776	Reserve for the cost of dilapidation rectifications at Hazelrigg House
Carbon Tax	-33,000	33,000	0	Reserve against the changes to the carbon trading scheme
Food Waste	-161,701	161,701	0	Reserve for the set up costs of Food Waste Collection
	-3,544,710	**-77,544**	**-3,622,254**	

Earmarked Reserve	Expected Balance 31/3/2013 £	Proposed Budget Movements 2013/14 £	Expected Balance 31/3/2014 £	Description
Reserves Relating to Specific Risks				
Debt Financing	-626,000	0	-626,000	Reserve against the market risks of Treasury management in line with best practice
Prior Year CTB Claims Contingency (Previously Subsidy Equalisation)	-544,211	344,211	-200,000	Reserve against the risks of council tax appeals relating to council tax benefit now that council tax subsidy has been replaced by a fixed grant.
Car Parks	0	-200,000	-200,000	Risks against shortfalls in car parking income
Utilities Contingency	-150,000	50,000	-100,000	Reserve against the rising costs of energy
PES Risks	0	-517,000	-517,000	Reserve against risks arising from outsourcing of the PES contract
Asset Management Income Shortfall Reserve	-78,240	-21,760	-100,000	Reserve against shortfalls in property income arising from the economic climate
HIMO Licensing Spend to Save	0	-100,000	-100,000	Reserve for spend to save scheme for issuing licences for private rented housing as HIMOs
Domestic Homicide Reviews	0	-50,000	-50,000	Reserve for any NBC contribution for Domestic Homicide Reviews
Licensing Risks	0	-38,000	-38,000	Reserve against the risks of licensing enforcement
Waste Partnership	-4,497	4,497	0	
NAPS	-1,352	1,352	0	
Corporate Training	-36,160	36,160	0	
Pay and Grading Project	-396,206	396,206	0	Reserve for the costs of the Pay and Grading Project now completed
Impact of LGFR/Future Budget Pressures	-1,452,166	-406,348	-1,858,514	Reserve against impacts of greater risk holding under business rates retention and future budget pressures with CSR unknowns, etc
Electoral Registration	-65,000	0	-65,000	Reserve against the cost of electoral registration changes - individual registration
Big Society	-100,000	100,000	0	Reserve for contribution to Big Society
CAB & Community Partnerships - Helping People Through Difficult Times	-100,000	0	-100,000	Reserve set up as part of 2011/12 budget
Brackmills BID - NNDR Costs	-16,000	0	-16,000	
Recharges Shortfall	-384,933	74,755	-310,178	Reserve against possible shortfall in allowable recharges to the HRA
IFRS Risks	-150,372	150,372	0	Reserve against unforeseen risks of new IFRS requirements
	-4,105,136	**-175,556**	**-4,280,692**	
Total Earmarked Reserves	**-15,162,919**	**-1,488,669**	**-16,651,588**	

Appendix 8

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 appendix 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 25th February 2013 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 14th January 2013.

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 2013/14; 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 2013/14

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 robustness 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 As a result of the risk assessment a number of options were modified or removed from the proposed budget.

3.6 In relation to the remainder, the risks inherent in the budget proposals have been factored into the risk assessment of reserves.

3.7 Details of the risk review of the budget were reported to the Audit Committee at its meeting of 14th January 2013.

3.8 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).

3.9 Performance against the budget will be monitored regularly throughout the financial year, and will be reported to Cabinet by means of formal reports.

3.10 If necessary management action will be identified to address any adverse variances to the budget.

3.11 The assumptions and potential changing circumstances mean that forecasts for future years need to be reviewed each financial year.

3.12 The review of robustness is at Tables 1 to 6, below. .

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 limit, 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. Carry forward 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 should be £3.1m.

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) and guidance from CIPFA and Government on Treasury risk.

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, including risk of emergency repairs to public buildings.

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 2012/13 financial year.

i) Equal Pay Claims

j) Treasury management risks

5.8 The Chief Financial Officer therefore recommends

a) That a minimum prudent level of reserves be set at £3.1m for 2013/14. 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 Council holds a level of earmarked reserves for specific financial risks in addition to general fund balances.

Isabell Procter,
Chief Finance Officer

Table 1 – Robustness of Estimates – Customers and Communities

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	1% has been assumed for the 2013/14 pay award, and 1% for the 2014/15 and 2015/16 pay awards. A vacancy factor 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 Customers and Communities 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. Particular attention will be paid to the management of car parking income because of the significant sums involved and the complex range of factors which impact on car parking income.
The treatment of efficiency savings/productivity gains.	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. The Customers and Communities Directorate has reviewed its services to establish whether services can be delivered more efficiently. Savings have been identified through service restructure and changes in working practices.
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. Robust arrangements are in place to monitor the proposed environmental services contract to ensure it is delivered in accordance with agreed standards and that corrective action is taken promptly, as necessary, in the event of performance failure. Robust arrangements will also be in place to monitor the performance of the leisure trust in accordance with the management agreement and to ensure that corrective action is also taken promptly for this arrangement if the need arises.
The availability of other funds to deal with major contingencies.	This Directorate has a specific earmarked reserve for Arts. The Directorate will continue to undertake effective in-year monitoring of volatile budgets and produce a managed response by means of monitored action plans to any budget pressures arising in the year.

Budget Assumption	Commentary on Robustness
The Directorate's track record in budget and financial management.	The Customers and Communities Directorate's recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an over spend of £186k for 2012/13.
The Directorate's capacity to manage in-year budget pressures	The Customers and Communities Directorate undertakes regular monthly monitoring to promptly identify budget pressures and savings. It is working to improve its ability to develop and monitor action plans and implement solutions to address such pressures as necessary.

Table 2 – Robustness of Estimates – Resources

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	1% has been assumed for the 2013/14 pay award, and 1% for the 2014/15 and 2015/16 pay awards. A vacancy factor 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 Resources 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. The majority of the directorate will move into LGSS, potentially delivering savings.
The treatment of efficiency savings/productivity gains.	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. The Resources 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, and restructuring,
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	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.
The availability of other funds to deal with major contingencies.	There are contingency funds specifically available in relation to earmarked reserves for insurance, and core business systems available to this Directorate. The Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.
The Directorate's track record in budget and financial management.	The Resources and Support Services Directorate's recent track record of budget and financial management is that as at month 9 the Directorate has a forecast savings of £126k for 2012/13.
The Directorate's capacity to manage in-year budget pressures	The Resources 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.

Table 3 – Robustness of Estimates – Regeneration, Enterprise and Planning

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	1% has been assumed for the 2013/14 pay award, and 1% for the 2014/15 and 2015/16 pay awards. A vacancy factor 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 Regeneration, Enterprise and Planning 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. Specific demand led pressures for the Regeneration, Enterprise and Planning Directorate include; cessation of WNDC in March 2014, impact of localism bill and increase in development activity.
The treatment of efficiency savings/productivity gains.	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. The Regeneration, Enterprise and Planning Directorate has reviewed its services to establish whether services can be delivered more efficiently. Savings have been identified through changes in working practices, and restructuring.
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	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.
The availability of other funds to deal with major contingencies.	The Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.
The Directorate's track record in budget and financial management.	The Regeneration, Enterprise and Planning Directorate's recent track record of budget and financial management is that as at month 9 the Directorate is forecasting savings of 89k for 2012/13.
The Directorate's capacity to manage in-year budget pressures	The Regeneration, Enterprise and Planning 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.

Table 4 – Robustness of Estimates – Borough Secretary

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	1% has been assumed for the 2013/14 pay award, and 1% for the 2014/15 and 2015/16 pay awards. A vacancy factor 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 Secretary 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.
The treatment of efficiency savings/productivity gains.	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. The Borough Secretary has reviewed the service to establish whether it can be delivered more efficiently. Savings have been identified through service restructure and revised working practices.
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	The Borough Secretary 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.
The availability of other funds to deal with major contingencies.	The Borough Secretary has the St Peters Way earmarked reserve available to it. The Borough Secretary will continue to monitor volatile budgets in year and produce a managed response to budget pressures. Steps have been taken to address the major issues that have been identified through the 2012/13 budget monitoring in the 2013/14 budget where appropriate.
The Directorate's track record in budget and financial management.	The Borough Secretary area's recent track record of budget and financial management is that as at month 9 the Directorate is forecasting an over spend of £1k for 2012/13.
The Directorate's capacity to manage in-year budget pressures	The Borough Secretary 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.

Table 5 – Robustness of Estimates – Housing General Fund

Budget Assumption	Commentary on Robustness
The treatment of inflation and interest rates	1% has been assumed for the 2013/14 pay award, and 1% for the 2014/15 and 2015/16 pay awards. A vacancy factor 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 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. The Welfare Reform changes are likely to have an impact as the new arrangements are implemented, the situation will be closely monitored.
The treatment of efficiency savings/productivity gains.	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. The Housing Directorate has reviewed the services to establish whether services can be delivered more efficiently. Savings have been identified through service restructure and an increase in fee income within the Housing Solutions Service.
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	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.
The availability of other funds to deal with major contingencies.	The Housing Directorate has the Rent Deposit Scheme Reserve available to it. The Housing Directorate will continue to monitor volatile budgets in year and produce a managed response to budget pressures.
The Directorate's track record in budget and financial management.	The Housing Directorate's recent track record of financial management is that as at month 9 the Housing General Fund is forecasting an over spend of £101k for 2012/13.
The Directorate's capacity to manage in-year budget pressures	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.

Table 6 – 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 management advisors, Sector, and taking into account local circumstances, an average interest rate of 1.00% has been assumed for investments for 2013/14. No new external long term borrowing is forecast to take place in 2013/14.
Financial Risks inherent in any significant partnerships, major outsourcing or major capital developments	This can be a volatile budget, particularly in the current economic environment, and there are recognised risks to delivering this budget depending on the level of borrowing (internal and external) that the authority needs to undertake to fund its capital programme and the interest rates available for both borrowing and investment. The Directorate will manage existing financial risks through adherence to the Council's treasury management strategy, consistent monitoring of the revenue budget, and by identifying, implementing, and monitoring management actions should any overspends arise.
The availability of other funds to deal with major contingencies.	There is a specific earmarked reserve for debt financing to cater for the volatility of interest rates. The Directorate will continue to monitor this volatile budget in year and produce a managed response to budget pressures.
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 9 of 2012/13 the debt financing budget is forecasting a saving of £344k, of which £250k has been transferred to the debt financing earmarked reserve to mitigate risk in the investment interest budgets in 2013/4 against a background of falling interest rates. These savings are mainly due to a reduction in Minimum Revenue Provision (MRP) requirement for 2012/13 and a one off receipt of interest from HMRC on a back dated VAT claim. As these are one-off savings they will not be carried forward into 2013/14
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.

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
Waste Services				
Bulky Waste Collection	Up to three items	Non - S	26.35	26.82
Note: the VAT status of some trade waste services (below) has changed between 2010/11 and 2011/12				
Skip Collection Service (to be confirmed)	Non - recyclable waste - per tonne	Non - S	96.04	97.77
	Administration fee		53.63	54.60
	Mileage charge - per mile		1.03	1.05
	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	0.00	0.00
Charity Sacks	per 25	Non - S	23.91	24.34
Cemetery				
Grant of Right	Adult Grave for 1 - 5'6"	Non - S	400.00	407.00
	Adult Grave for 2 - 6'6"	Non - S	462.00	470.00
	Adult Grave for 3 - 7'6"	Non - S	525.00	534.00
	Child	Non - S	79.00	80.00
	Cremated Remains	Non - S	150.00	153.00
Internment Fee Mon - Friday	Grave depth 7'6"	Non - S	501.00	510.00
	Grave depth 6'6"	Non - S	438.00	446.00
	Grave depth 5'6"	Non - S	400.00	407.00
	Child up to 12 Years	Non - S	63.00	64.00
	Still Born-1 Month Old	Non - S	No Charge	No Charge
	Cremated Remains	Non - S	150.00	153.00
	Scattering of Ashes	Non - S	21.00	21.00
	Mausoleum	Non - S	3653.00	3,719.00
Vault	Grant of Right and First Interment	Non - S	801.00	815.00
	Second Interment	Non - S	376.00	383.00
Memorial Erection Rights	Headstone - Adult	Non - S	107.00	109.00
	Headstone - Child	Non - S	28.00	29.00
	Vase - Plain	Non - S	No Charge	No Charge
	Vase - Inscribed	Non - S	50.00	51.00
Kerb Sets	Kerb only	Non - S	163.00	166.00
	Kerb and Headstone	Non - S	270.00	275.00
	Memorial Tablet	Non - S	50.00	51.00
	Additional Inscription	Non - S	37.00	38.00
	Grave Number Marker	Non - S	15.00	15.00
	Permanent Grave Number Marker	Non - S	23.00	23.00
	Use of Chapel	Non - S	63.00	64.00
	Use of Chapel - Winter fuel charge	Non - S	7.00	7.00
	Search Fee (Inc VAT) -Small Search	Non - S	No Charge	No Charge
	Search Fee (Inc VAT) - Medium search	Non - S	24.00	24.00
	Search Fee (Inc VAT) - Full search	Non - S	64.00	65.00
Non Resident Fees - families that have resided outside the Borough for more than 5 years are				
Allotments				
Standard Plot	10 Poles	Non - S	31.00	32.00
Half size	5 Poles	Non - S	15.00	15.00
	OAP Discount		0.00	
Gate Key Fee - either £6 or £4 dependent on type of lock used				

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
Parks				
Some bookings may require a differing VAT treatment than that assumed below. The actual total fee charged may vary as a result.				
Football	Senior Pitch	Non - S	31.00	31.50
	Junior Pitch	Non - S	9.00	9.00
Rugby	Senior Pitch	Non - S	31.00	31.50
	Junior Pitch	Non - S	16.00	16.50
Hockey	Senior Pitch	Non - S	31.00	31.50
	Junior Pitch	Non - S	16.00	16.50
	Changing facilities for the above			
	Mon - Sat	Non - S	11.00	11.00
	Sunday	Non - S	15.00	15.50
	Sunday - Race course	Non - S	16.00	16.50
	Changing Facilities without showers - Racecourse only			
	Mon - Sat	Non - S	8.00	8.00
	Sunday	Non - S	13.00	13.00
Cricket	Day Match	Non - S	43.00	44.00
	Evening Match	Non - S	28.00	28.50
	Junior School Match	Non - S	15.00	15.50
	Junior Practice Wicket	Non - S	15.00	15.50
Bowls	Rink per person , per hour	Non - S	2.30	2.50
	OAP's & Unemployed	Non - S	2.30	2.50
	Matches - 3 rinks per hour	Non - S	20.00	20.50
	Matches - 4 rinks per hour	Non - S	26.00	26.50
	Matches - 5 rinks per hour	Non - S	33.00	33.50
	Hire of Bowls per game	Non - S	1.60	1.50
Tennis	Grass - Per court per hour	Non - S	4.20	4.50
	Hard Court - Per court per hour	Non - S	4.70	5.00
	Per court, per hour with floodlights	Non - S	10.50	10.50
	Children per hour	Non - S	2.10	2.00
	Junior School parties per hour	Non - S	3.20	3.50
Putting	Per round per player	Non - S	0.00	0.00
Mini 5 a Side Football	Returnable Deposit for hire of the goal	Non - S	10.50	10.50
	Hire of pitch	Non - S	5.50	5.50
Call Care				
Non - HRA	Lifelines - Inside Borough Yearly Charge	Non - S	259.91	259.91
	Lifelines - Inside Borough Charge per week	Non - S	4.99	4.99
	Lifelines - Outside Borough Yearly Charge	Non - S	281.82	281.82
	Lifelines - Outside Borough Charge per week	Non - S	5.42	5.42
	Installation Charges - Inside Borough	Non - S	56.72	56.72
	Installation Charges - Outside Borough	Non - S	69.47	69.47
	Monitoring Charges Yearly Charge	Non - S	85.15	85.15
	Monitoring Charges Charge per week	Non - S	1.63	1.63
	Environmental Health Yearly Charge	Non - S	60.12	60.12
	Environmental Health Charge per week	Non - S	1.15	1.15
Licensing Fees				
Gambling Act 2005				
New Application				
	Existing Casino	S	N/a	N/a
	New Small Casino	S	8000.00	8,000.00
	New Large Casino	S	10000.00	10,000.00
	Regional Casino	S	15000.00	15,000.00
	Bingo Club	S	3500.00	3,500.00
	Betting Premises	S	3000.00	3,000.00
	Tracks	S	2500.00	2,500.00
	Family Entertainment Centre	S	2000.00	2,000.00

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	Adult Gaming Centre	S	2000.00	2,000.00
Apply to Vary				
	Existing Casino	S	2000.00	2,000.00
	New Small Casino	S	4000.00	4,000.00
	New Large Casino	S	5000.00	5,000.00
	Regional Casino	S	7500.00	7,500.00
	Bingo Club	S	1750.00	1,750.00
	Betting Premises	S	1500.00	1,500.00
	Tracks	S	1250.00	1,250.00
	Family Entertainment Centre	S	1000.00	1,000.00
	Adult Gaming Centre	S	1000.00	1,000.00
Apply to Transfer				
	Existing Casino	S	1350.00	1,350.00
	New Small Casino	S	1800.00	1,800.00
	New Large Casino	S	2150.00	2,150.00
	Regional Casino	S	6500.00	6,500.00
	Bingo Club	S	1200.00	1,200.00
	Betting Premises	S	1200.00	1,200.00
	Tracks	S	950.00	950.00
	Family Entertainment Centre	S	950.00	950.00
	Adult Gaming Centre	S	1200.00	1,200.00
Licensing Fees				
Gambling Act 2005				
Apply for Re-instatement				
	Existing Casino	S	1350.00	1,350.00
	New Small Casino	S	1800.00	1,800.00
	New Large Casino	S	2150.00	2,150.00
	Regional Casino	S	6500.00	6,500.00
	Bingo Club	S	1200.00	1,200.00
	Betting Premises	S	1200.00	1,200.00
	Tracks	S	950.00	950.00
	Family Entertainment Centre	S	950.00	950.00
	Adult Gaming Centre	S	1200.00	1,200.00
	Copy Licence	S	25.00	25.00
Apply for Provisional Statement				
	Existing Casino	S	N/a	N/a
	New Small Casino	S	8000.00	8,000.00
	New Large Casino	S	10000.00	10,000.00
	Regional Casino	S	15000.00	15,000.00
	Bingo Club	S	3500.00	3,500.00
	Betting Premises	S	3000.00	3,000.00
	Tracks	S	2500.00	2,500.00
	Family Entertainment Centre	S	2000.00	2,000.00
	Adult Gaming Centre	S	2000.00	2,000.00
Full Licence Application - Provisional Statement	Existing Casino	S	N/a	N/a
	New Small Casino	S	3000.00	3,000.00
	New Large Casino	S	5000.00	5,000.00
	Regional Casino	S	8000.00	8,000.00
	Bingo Club	S	12000.00	12,000.00
	Betting Premises	S	12000.00	12,000.00
	Tracks	S	950.00	950.00
	Family Entertainment Centre	S	950.00	950.00
	Adult Gaming Centre	S	1200.00	1,200.00
Annual Fee				
	Existing Casino	S	3000.00	3,000.00
	New Small Casino	S	5000.00	5,000.00
	New Large Casino	S	10000.00	10,000.00
	Regional Casino	S	15000.00	15,000.00
	Bingo Club	S	1000.00	1,000.00
	Betting Premises	S	600.00	600.00
	Tracks	S	1000.00	1,000.00
	Family Entertainment Centre	S	750.00	750.00
	Adult Gaming Centre	S	1000.00	1,000.00
Notification of Change				
	Existing Casino	S	50.00	50.00
	New Small Casino	S	50.00	50.00
	New Large Casino	S	50.00	50.00
	Regional Casino	S	50.00	50.00
	Bingo Club	S	50.00	50.00

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	Betting Premises	S	50.00	50.00
	Tracks	S	50.00	50.00
	Family Entertainment Centre	S	50.00	50.00
	Adult Gaming Centre	S	25.00	25.00
	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
Premises Grant & Variation				
	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
	Band D Rateable Property	S	450.00	450.00
	Band E Rateable Property	S	635.00	635.00
Annual Fees				
	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
	Minor Variation	S	89.00	89.00
Hackney Carriage & Private Hire Fees				
Drivers Licence Fees	New Grant/ Renewal	Non - S	45.50	50.00
	Renewal of licence with CRB	Non - S	91.50	101.00
	Failure to attend CRB Appointment	Non - S	10.00	15.00
	Combined New Grant / Renewal	Non - S	57.00	63.00
	Hackney Carriage written Test	Non - S	50.00	55.00
	Replacement HC or PH Badge	Non - S	15.00	20.00
	Replacement HC or PH Licence	Non - S	20.00	25.00
Vehicle Fees	Temporary Private Hire/ Hackney Badge	Non - S	10.00	15.00
	New Private Hire/Hackney Application (inc bracket)	Non - S	90.00	99.00
	Vehicle Licence every 6 months	Non - S	85.00	93.00
	Transfer of vehicle	Non - S	10.00	12.00
	Replacement Vehicle Plate	Non - S	15.00	16.00
	Replacement Vehicle Licence	Non - S	20.00	22.00
	Replacement Platform Plate	Non - S	10.00	15.00
	Replacement Condition Booklet	Non - S	5.00	6.00
	Replacement Fixing Bracket	Non - S	10.00	15.00
Operator renewal	Annual Private Hire Operators Licence	Non - S	300.00	330.00
	Operator Renewal Number of vehicles			
	1	Non - S	200.00	220.00
	2-5	Non - S	300.00	330.00
	6-20	Non - S	400.00	440.00
	20-30	Non - S	500.00	550.00
	30-40	Non - S	600.00	660.00
	40-50	Non - S	700.00	770.00
	50-60	Non - S	800.00	880.00
	60-70	Non - S	900.00	990.00
	70+	Non - S	1000.00	1,100.00
	100 - 149	Non - S	New Fee	1,300.00
	150 - 199	Non - S	New Fee	1,500.00
	200 +	Non - S	New Fee	1,800.00
	Notification of change of named Operator	Non - S	200.00	220.00
	Driver Induction Course	Non - S	350.00	370.00
	Recovery of monies when Cheque not Honoured	Non - S	30.00	35.00

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
Miscellaneous				
Car Boot	Pitches 1 - 20 Registration Fee	Non - S	10.00	10.00
	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	15.00
	Pitches 51 - 75 Registration Fee	Non - S	20.00	25.00
	Fee per Event	Non - S	15.00	20.00
	Pitches 76 - 100 Registration Fee	Non - S	20.00	30.00
	Fee per Event	Non - S	20.00	25.00
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)			
	Standard Area Fee	Non - S	100.00	100.00
Election Fees				
	Copy of Electoral Register			
	Electronic Version - Full Register (restricted sales)	S	359.00	£20 admin fee plus £1.50 per thousand entries (or part)
	Electronic Version - Edited	S	294.50	£20 admin fee plus £1.50 per thousand entries (or part)
	Paper copy- Full Register (restricted sales)	S	1,140.00	£10 admin fee plus £5 per thousand entries (or part)
	Paper version - Edited	S	925.00	£10 admin fee plus £5 per thousand entries (or part)
	Confirmation of registration - Individual	Non - S	15.00	
LAND CHARGES				
Standard Fees	Official LLC1 + CON29 Part1 Search	Non - S	98.00	98.00
	Official LLC1 Search	Non - S	48.00	48.00
Non Standard Fees	Part II Optional Enq with CON29 - each	Non - S	15.00	15.00
	Part II Optional Enq without an accompanying CON29 plus £15.00 per question	Non - S	13.89	13.20
	Additional Enquiries - each	Non - S	20.00	20.00
Additional Parcel Fees	Additional parcels of land (up to additional 16 parcels) when submitted with an official LLC1 + CON29 Part1 - each	Non - S	11.50	11.50
	LLC1 only Additional Parcel Fee	Non - S	1.00	1.00
Personal Search Fees	Personal Search	Non - S	0.00	0.00
	Personal Search Additional parcels of land (up to additional 16 parcels) - each	Non - S	0.00	0.00
Copies of Documents	Planning Consent	Non - S	10.00	10.00
	Section 106 Agreement	Non - S	15.00	15.00
	Tree Preservation Order	Non - S	10.00	10.00
	Other remaining copy documents	Non - S	15.00	15.00
Planning				
All Outline Applications				
	Sites up to and including 2.5 Hectares	S	335.00 per 0.1 hectare	385.00 per 0.1 hectare

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	Site exceeds 2.5 Hectares £8,285 plus £100 per 0.1 Hectares in excess of 2.5 Hectares to a maximum £125,000	S	8,285.00	9,527; and an additional £115 for each 0.1 hectare in excess of 2.5 hectares, subject to a maximum in total of £125,000;
Householder Applications	Alterations/extensions to a single dwelling, including works within boundary (including flats)	S	150.00	172.00
Full Applications (and first submissions of reserved matters)	Alterations/extensions to two or more dwellings, including works within boundaries	S	295.00	339.00
	New Dwellings (up to and including 50)	S	335.00 per dwelling	385.00 per dwelling
	New Dwellings (for more than 50) £16,565 plus £100 per additional dwelling to a maximum of £250,000	S	16,565.00	19,049 + 115 per additional dwelling over 50, subject to a maximum of 250,000
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, no increase in gross floor space or no more than 40m²	S	170.00	195.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 40m² but no more than 75m²	S	335.00	385.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 75m² but no more than 3750m²	S	335.00 for each 75m² or part of	385.00 for each 75m² or part of
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 3750m² - £16,565 plus £100 for each additional 75m^2 to a max of £250,000	S	16,565.00	19,049 plus 115 for each additional 75m2 to a max of £250,000
	The erection of buildings on land used for agriculture purposes with a site area of no more than 465m²	S	70.00	80.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 465m² but not more than 540m²	S	335.00	385.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 540m² but no more than 4,215m² - £335 for first 540m² plus £335 for each 75m² or part thereof	S	335.00	385.00 for first 540m² plus 385.00 for each 75m² or part thereof
	The erection of buildings on land used for agriculture purposes with a site area of more than 4,215m² - £16,565 plus £100 for each additional 75m² to a max of £250,000	S	16,565.00	19,049.00 plus 115.00 for each additional 75m² to a max of 250,000
	Erection of glasshouses on land used for the purposes of agriculture with a floor space no more than 465m²	S	70.00	80.00
	Erection of glasshouses on land used for the purposes of agriculture with a floor space more than 465m²	S	1,870.00	2,150.00
	Erection/Alterations/Replacement of plant and machinery on a site no more than 5 hectares	S	335.00 per 0.1 hectare	385.00 per 0.1 hectare

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	Erection/Alterations/Replacement of plant and machinery on a site that exceeds 5 Hectares -£16,565 plus £100 per 0.1 Hectares in excess of 5 Hectares to a maximum £250,000	S	16,565.00	19,049.00 plus £115.00 per 0.1 Hectares in excess of 5 Hectares to a maximum £250,000
Applications other than Building Works				
	Car Parks, Service Roads or Other Accesses for existing uses	S	170.00	195.00
	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 thereof	195.00 for each 0.1 hectare or part thereof
	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 in excess of 15 hectares up to a maximum of £65,000	S	25,315.00	29,112.00 plus £115.00 per 0.1 hectare in excess of 15 hectares up to a maximum of £65,000
	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	385.00 per 0.1 hectare
	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 in excess of 7.5 Hectares to a max £250,000	S	25,000.00	28,750.00 plus £115.00 for each 0.1 hectare in excess of 7.5 hectares to a max £250,000
	Other operations - Winning and working of a site that does not exceed 15 Hectares	S	170.00 per 0.1 hectare	195.00 per 0.1 hectare
	Other operations - Winning and working of a site that exceeds 15 Hectares - £25,315 plus £100 for each additional 0.1 Hectare in excess of 15 Hectares up to £65,000	S	25,315.00	£29,112.00 plus £115.00 for each additional 0.1 Hectare in excess of 15 Hectares up to £65,000
	Other operations not coming within any of the above categories up to a maximum £250,000	S	170.00 per 0.1 hectare	195.00 per 0.1 hectare upto a maximum of 1.690.00
Reserved Matters	Application for approval of reserved matters following outline approval - Full Fee due, or if already paid then £335 due	S	Full fee due	If full fee already paid 385.00
Approval/ Variation/ Discharge of condition	Application for removal or variation of a condition following grant of planning permission	S	170.00	195.00
	Request for confirmation that one or more planning conditions have been complied with - £25 per request for householder	S	25.00 per request	28.00 per request
	Request for confirmation that one or more planning conditions have been complied with - others £85 per request		85.00 per request	97.00 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	385.00 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	19,049.00 plus 115.00 for each additional dwelling house up to a maximum of £250,000
	Other changes of use, other material change of use of a building or land	S	335.00	385.00
ADVERTISEMENT				

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	Advertisement relating to business on the premises	S	95.00	110.00
	Advance signs which are not situated on or visible from the site, directing the public to a business	S	95.00	110.00
	All other advertisements	S	335.00	385.00
Lawful development certificates				
	LDC - Existing use - in breach of a planning condition	S	Same as full	
	Existing use LDC - lawful not to comply with a particular condition	S	170.00	195.00
	LDC - Proposed Use	S	Half normal planning fee	Half normal planning fee
Prior Approval				
	Agricultural / forestry buildings & operations or demolition of buildings	S	70.00	80.00
	Installation of a radio mast ,radio equipment, housing or public callbox	S	335.00	385.00
Weekly List of Planning applications	£200 per year or £20 per month	Non - S	200.00	200.00
Copy of decision notice		Non - S	10.00	15.00
Copy Tree Preservation order		Non - S	10.00	15.00
Copy of Appeal Decision Notice		Non - S	10.00	15.00
Copy of Enforcement Notices		Non - S	10.00	15.00
Copy of Section 106		Non - S	15.00	25.00
Photocopying				
A4	20p a sheet	Non - S	0.20	0.50
A3	40p a sheet	Non - S	0.40	1.00
A2	per sheet	Non - S	3.00	3.00
A1	per sheet	Non - S	4.00	4.00
A0	per sheet	Non - S	5.00	5.00
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	POA
	Local Plans various stages of development and all supporting documents	S and non-S	POA	POA
Pre-Application Advice	Largescale Major Developments	Non - S	POA	POA
	Other Major Development dwellings	Non - S	10% of fee	10% of fee
	Other Major Development Offices/Research and Development/Light industry	Non - S	10% of fee	10% of fee
	Other Major Development Heavy Industry/Storage/Warehousing	Non - S	10% of fee	10% of fee
	Other Major Development Retail, Distribution and Servicing	Non - S	10% of fee	10% of fee
	All other major development	Non - S	10% of fee	10% of fee
	Minor development 1 dwelling	Non - S	35.00	40.00
	Minor development 2-9 dwellings	Non - S	75.00	120.00
	Minor development Offices/Research and Development/Light industry	Non - S	150.00	180.00
	Minor development Heavy Industry/ Storage/ Warehousing	Non - S	150.00	180.00
	Minor development Retail and Distribution	Non - S	150.00	180.00
	All other minor development	Non - S	10% of fee	10% of fee
	Change of Use	Non - S	10% of fee	10% of fee
	Householder Developments	Non - S	no fee	no fee
	Advertisements	Non - S	15.00	20.00

Fees & Charges Booklet 2013/14

Activity / Item		Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
				£	£
		Listed Building Consent to alter/extend	Non - S	quote required	no fee
		Listed Building Consent to demolish	Non - S	quote required	no fee
		Conservation Area Consents	Non - S	50.00	no fee
		Other (not included in the above)	Non - S	25.00	30.00
		Meetings and/or Site Visits (per 30 Minutes) in addition to the pre-application charge applicable above	Non - S	£65 per 30 mins	£80 per 30 mins
Request for current use of property		All properties	Non - S	POA	POA
Other Ancillary Charges		Householder Enquiries	Non - S	POA	POA
		Permitted Development Enquiries (other)	Non - S	POA	POA
		History and Investigation	Non - S	50.00	POA
		Other (not included in the above)	Non - S	POA	POA
Building Control					
New Dwellings up to 300 square m					
Number of Dwellings 1 to 5 dwellings as set out					
	1	Plan Charge	S	167.36	167.36
	1	Inspection Fee	S	502.08	502.08
	1	Building Notice Charge	S	736.38	736.38
	1	Regularisation Charge	S	870.27	870.27
	2	Plan Charge	S	225.88	225.88
	2	Inspection Fee	S	677.65	677.65
	2	Building Notice Charge	S	993.90	993.90
	2	Regularisation Charge	S	1,174.58	1,174.58
	3	Plan Charge	S	299.80	299.80
	3	Inspection Fee	S	899.43	899.43
	3	Building Notice Charge	S	1,319.17	1,319.17
	3	Regularisation Charge	S	1,559.00	1,559.00
	4	Plan Charge	S	351.14	351.14
	4	Inspection Fee	S	1,053.44	1,053.44
	4	Building Notice Charge	S	1,545.04	1,545.04
	4	Regularisation Charge	S	1,825.95	1,825.95
	5	Plan Charge	S	402.49	402.49
	5	Inspection Fee	S	1,207.46	1,207.46
	5	Building Notice Charge	S	1,770.94	1,770.94
	5	Regularisation Charge	S	2,092.93	2,092.93
For six or more dwellings or if the floor area of the dwellings exceeds 300m square the charge is individually determined					
Detached garage of car port up to 40m square		Plan Charge	S	265.20	265.20
		Inspection Fee	S	Included in Plan Charge	Included in Plan Charge
		Building Notice Charge	S	265.20	265.20
		Regularisation Charge	S	287.30	287.30
Attached single storey extension of garage or car port up to 40m square		Plan Charge	S	156.00	156.00
		Inspection Fee	S	132.00	132.00
		Building Notice Charge	S	288.00	288.00
		Regularisation Charge	S	312.00	312.00
Domestic extension up to 10m square		Plan Charge	S	156.00	156.00
		Inspection Fee	S	190.80	190.80
		Building Notice Charge	S	346.80	346.80
		Regularisation Charge	S	375.70	375.70
Domestic extension 10m to 40m square		Plan Charge	S	156.00	156.00
		Inspection Fee	S	313.20	313.20
		Building Notice Charge	S	469.20	469.20
		Regularisation Charge	S	508.30	508.30
Domestic extension 40m to 100m square		Plan Charge	S	168.00	168.00
		Inspection Fee	S	464.40	464.40
		Building Notice Charge	S	632.40	632.40
		Regularisation Charge	S	685.10	685.10
A minimum charge for rooms in the roof is		Plan Charge	S	156.00	156.00
		Inspection Fee	S	272.40	272.40
		Building Notice Charge	S	428.40	428.40
		Regularisation Charge	S	464.10	464.10

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
Conversion of garage to a habitable room(s)	Plan Charge	S	66.30	66.30
	Inspection Fee	S	198.90	198.90
	Building Notice Charge	S	265.20	265.20
	Regularisation Charge	S	287.30	287.30
Domestic external window & door replacements (up to 5)	Building Notice Charge	S	163.20	163.20
	Regularisation Charge	S	176.80	176.80
Domestic external window & door replacements (over 5)	Building Notice Charge	S	204.00	204.00
	Regularisation Charge	S	221.00	221.00
Domestic Internal Alterations, installation of fittings and/or structural work				
Estimated Cost of Building Works £				
0 - 2,000	Plan Charge	S	204.00	204.00
	Inspection Fee	S	0.00	0.00
	Building Notice Charge	S	224.40	224.40
	Regularisation Charge	S	221.00	221.00
2,001 - 5,000	Plan Charge	S	244.80	244.80
	Inspection Fee	S	0.00	0.00
	Building Notice Charge	S	268.80	268.80
	Regularisation Charge	S	265.20	265.20
5,001 - 10,000	Plan Charge	S	71.40	71.40
	Inspection Fee	S	214.20	214.20
	Building Notice Charge	S	314.16	314.16
	Regularisation Charge	S	309.40	309.40
10,001 - 20,000	Plan Charge	S	88.71	88.71
	Inspection Fee	S	266.22	266.22
	Building Notice Charge	S	390.42	390.42
	Regularisation Charge	S	384.51	384.51
20,001 - 35,000	Plan Charge	S	104.04	104.04
	Inspection Fee	S	312.00	312.00
	Building Notice Charge	S	457.64	457.64
	Regularisation Charge	S	450.71	450.71
35,001 - 50,000	Plan Charge	S	130.56	130.56
	Inspection Fee	S	391.68	391.68
	Building Notice Charge	S	574.46	574.46
	Regularisation Charge	S	565.76	565.76
Charges for all non domestic building work				
Estimated Cost of Building Works £				
0 - 2,000	Plan Charge	S	153.00	153.00
	Inspection Fee	S	0.00	0.00
	Building Notice Charge	S	153.00	153.00
	Regularisation Charge	S	165.75	165.75
2,001 - 5,000	Plan Charge	S	269.28	269.28
	Inspection Fee	S	0.00	0.00
	Building Notice Charge	S	269.28	269.28
5,001 - 10,000	Plan Charge	S	71.40	71.40
	Inspection Fee	S	214.20	214.20
	Building Notice Charge	S	314.16	314.16
	Regularisation Charge	S	309.40	309.40
10,001 - 20,000	Plan Charge	S	88.74	88.74
	Inspection Fee	S	266.22	266.22
	Building Notice Charge	S	390.45	390.45
	Regularisation Charge	S	384.54	384.54
20,001 - 30,000	Plan Charge	S	104.04	104.04
	Inspection Fee	S	312.12	312.12
	Building Notice Charge	S	457.77	457.77
	Regularisation Charge	S	450.84	450.84
30,001 - 50,000	Plan Charge	S	130.56	130.56
	Inspection Fee	S	391.68	391.68
	Building Notice Charge	S	574.46	574.46
	Regularisation Charge	S	565.76	565.76
50,001 - 75,000	Plan Charge	S	160.14	160.14
	Inspection Fee	S	480.42	480.42
	Building Notice Charge	S	704.61	704.61
	Regularisation Charge	S	693.94	693.94
75,001 - 100,000	Plan Charge	S	241.74	241.74
	Inspection Fee	S	725.22	725.22
	Building Notice Charge	S	1,063.65	1063.65

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	Regularisation Charge	S	1,047.54	1047.54
100,001 - 150,000	Plan Charge	S	262.14	262.14
	Inspection Fee	S	787.62	787.62
	Building Notice Charge	S	1,207.22	1207.22
	Regularisation Charge	S	1,137.24	1137.24
150,001 - 200,000	Plan Charge	S	290.70	290.70
	Inspection Fee	S	872.10	872.10
	Building Notice Charge	S	1,337.22	1337.22
	Regularisation Charge	S	1,259.70	1259.70
200,001 - 250,000	Plan Charge	S	341.70	341.70
	Inspection Fee	S	1,025.10	1025.10
	Building Notice Charge	S	1,571.82	1571.82
	Regularisation Charge	S	1,480.70	1480.70
For schemes exceeding £250,000 estimated contract price the charge is individually determined				
Electrical Work - minimum charge when not carried out in conjunction with other controlled building work		Non - S	198.00	198.00
	Regularisation Charge	Non - S	214.50	214.50
Fees for dealing with dangerous structures				
Out of hours call out charge		Non - S	Stand by rate £30. First 2 hours for first call out at plain time. Every hour after at plain time rate.	Stand by rate £30. First 2 hours for first call out at plain time. Every hour after at plain time rate.
Surveyors mileage costs		Non - S	40p per mile	45p per mile
Surveyors time costs		Non - S	Between £14.02 to £25.14 per hour	Between £14.02 to £25.14 per hour
Administration		Non - S	50.00	50.00
Cost of work to make structure safe will depend on the amount and type of work involved				
Exempt Building Certificate		S	29.00	29.00
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	10.00
To view Historic / Stored files		Non - S	200.00	210.00
Letters of Confirmation of works carried out if files not available		Non - S	40.00	45.00
Planning Performance agreement	Individual cases		Negotiable on an individual case	Negotiable on an individual
Environmental Health				
Licences				
Animal boarding establishment				
Animal boarding establishment	Issue of annual licence traditional border	S	140.00	145.00
Dog breeding	Issue of annual licence domestic border	S	115.00	120.00
Dog breeding	Issue of new licence	S	115.00 + vet fee	120.00 + vet fee
Dangerous wild animal	Licence renewal	S	115.00	120.00
Pet shops	Licence to keep certain animals	S	258.00 + vet fee	265
Riding establishment	Annual licence	S	115.00	120.00
Zoo Licence	Annual licence	S	90.00 + vet fee	95.00 + vet fee
Motor salvage operator	Annual licence	S	500.00 + vet fee	515.00 + vet fee
Tattooing, Ear piercing, Acupuncturing, Electrolysis	3 year registration	S	80.00	80.00
Tattoo and body art covention	Registration - one off fee	S	118.00	125.00
Fixed Penalties and Fines	Administration fee (New for 2012/13)(Per exhibitor)	Non - S	40.00	30.00
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 Maximum fine for managers of smoke free areas £2500	S	50.00	50.00
Certificates & Statements				
Health Export Certificate				
	Within 3 working days of request	Non - S	60.00	65.00
Environmental Searches	Urgent rate	Non - S	90.00	100.00
Consultancy	Contaminated land etc	Non - S	65.00	70.00
Statement and Legal Advice (Private Cases)	Hourly rate	Non - S	70.00	70.00
	Up to 5 pages	Non - S	160.00	160.00

Appendix 9

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	Additional pages	Non - S	25.00	25.00
Public Health / Environmental Protection Charges				
Funerals				
Drainage works filthy	LA funerals - claim to banks / treasury	S	500.00	500.00
Private Drinking Water Supplies	Works in default	S	cost of work + 40.00 or 10% of external fee whichever is greater	cost of work + 40.00 or 10% of external fee whichever is greater
	Risk Assessment		up to 500.00	up to 500.00
	Second Visit / Investigation / Authorisation		up to 100.00	up to 100.00
	Analysing a sample - taken under reg 10		up to 25.00	up to 25.00
	Analysing a sample - taken during check monitoring		up to 100.00	up to 100.00
Filthy & verminous premises	Analysing a sample - taken during audit monitoring		up to 500.00	up to 500.00
Silencing of alarms	Works in default	S	cost of work + 40.00 or 10% of external fee whichever is greater	cost of work + 40.00 or 10% of external fee whichever is greater
Domestic noise	Burglar, car etc	S	cost of work + 40.00 or 10% of external fee whichever is greater	cost of work + 40.00 or 10% of external fee whichever is greater
	Seizure and storage of noise equipment	Non - S	200.00 first 28 days 1.00 per day after	200.00 first 28 days 1.00 per day after
LA Environmental Regulations of Industrial Plant				
	LAPC / LAPPC / LA-IPPC application for permit / renewal	S	set by DEFRA	set by DEFRA
Animal Welfare Service				
Stray Dogs				
	Stray dog release fee	Non - S	48.00 + kennel charges	48.00 + kennel charge
Fixed Penalties - to be approved at Cabinet				
Dogs				
Dogs	Dog fouling (FPN) (discounted amount £50)	S	80.00	80.00
Litter	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	80.00
Litter	Failure to comply with street litter clearing notice (discounted amount £80)	S	110.00	110.00
Litter	Failure to comply with waste receptacle notice (discounted amount £50)	S	80.00	80.00
Litter and Waste	Unauthorised distribution of litter on designated land (discounted amount £50)	S	80.00	80.00
Graffiti / Fly Posting	Failure to produce waste transfer note (waster's carriers licence)	S	300.00	300.00
Noise	Graffiti and Fly Posting (discounted amount £50)	S	80.00	80.00
Noise	Failure to nominate key holder (discounted amount £50)	S	80.00	80.00
Noise	Noise from premises - dwelling (discounted amount £80)	S	110.00	110.00
Parking (cars for sale)	Noise from premises - licensed premises	S	500.00	500.00
Photocopying and Printing	Nuisance premises	S	100.00	100.00
	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
General	Copying Statutory Notices	Non - S	20.00	20.00
	Copy of taped interview	Non - S	11.75	11.75
HMO Licence	Processing application & granting licence to high risk HMO's	S	£700.00 per new application and per renew of the licence	750.00
Student Accreditation		Non - S	0.00	150.00
Immigration	Request for letter confirming property is satisfactory for intended immigrant	Non - S	0.00	150.00
Housing Act - Enforcement	Charging for taking enforcement action including works in default	S	0.00	Cost of work plus admin fee 100.00
Viewing of Registers	Free office viewing or internet (where applicable) – charge for copy	Non - S	200.00	Free
RSL Framework	registration	Non - S	1,000.00	1,000.00

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
Choice Based Lettings	Flat rate charge for advertising a property	Non - S	75.00	80.00
Car Parks				
Charges				
	Up to 1 hour - Premium	Non - S	0.60	0.60
	Up to 1 hour	Non - S	0.60	n/a
	Up to 2 hours - Premium	Non - S	1.20	1.20
	Up to 2 hours	Non - S	1.20	n/a
	Up to 3 hours - Premium	Non - S	2.40	2.40
	Up to 3 hours	Non - S	2.40	n/a
	Up to 4 hours - Premium	Non - S	3.20	3.20
	Up to 4 hours	Non - S	3.20	n/a
	Up to 5 hours - Premium	Non - S	4.00	4.00
	Up to 5 hours	Non - S	4.00	n/a
	All Day - Premium	Non - S	7.00	7.00
	All Day	Non - S	7.00	n/a
	Evening*	Non - S	1.00	1.00
	Overnight*	Non - S	2.00	2.50
	Sunday	Non - S	0.00	Free
	Coaches - Premium	Non - S	0.00	n/a
	Coaches	Non - S	8.00	8.00
	* Selected Car Parks Only			
	Monthly - 5 day - Premium Car Parks	Non - S		
	Monthly - 6 day - Premium Car Parks	Non - S		
	Monthly - 7 day - Premium Car Parks	Non - S	120.00	120.00
	Monthly - 5 day - Standard Car Parks	Non - S		
	Monthly - 6 day - Standard Car Parks	Non - S		
	Monthly - 7 day - Standard Car Parks	Non - S	120.00	N/a
	Annual - 5 day - Premium Car Parks	Non - S		
	Annual - 6 day - Premium Car Parks	Non - S		
	Annual - 7 day - Premium Car Parks	Non - S	1,440.00	1,440.00
	Annual - 5 day - Standard Car Parks	Non - S		
	Annual - 6 day - Standard Car Parks	Non - S		
	Annual - 7 day - Standard Car Parks	Non - S	1,440.00	N/a
Permits	Town Centre Annual Parking Permits	Non - S	350.00	350.00
Community Centres				
Public Rate				
Mon - Friday	Main Hall - per hour	Non - S	6.00	6.00
	Activity or Committee Room - per hour	Non - S	4.00	4.00
Sat - Sun	Main Hall - per hour	Non - S	10.00	10.00
	Activity or Committee Room - per hour	Non - S	7.00	7.00
Commercial Rate				
Mon - Sunday	Main Hall - per hour	Non - S	26.00	26.00
	Activity Room - per hour	Non - S	13.00	13.00
	Activity or Committee Room - per hour	Non - S	13.00	13.00
Jumble Sales	Main Hall - per hour	Non - S	13.00	13.00
	Activity or Committee Room - per hour	Non - S	13.00	13.00
Parties				
Child's parties (aged <13) before 7.00pm	Main Hall - per hour	Non - S	13.00	13.00
	Activity Room - per hour	Non - S	13.00	13.00
Child's parties (aged <13) after 7.00pm	Main Hall - per hour	Non - S	26.00	26.00
	Activity Room - per hour	Non - S	15.50	15.50
Other private parties any time	Main Hall - per hour	Non - S	26.00	26.00
	Activity Room - per hour	Non - S	15.50	15.50
* Community Centres exempt from VAT (with option to tax) except for Kingsthorpe Hall & Far Cotton Community Centres which are charged at standard rate.				
Guildhall Room Hire				
Mon - Fri. 8am till 8.30pm per hr	Great Hall	Non - S	60.00	60.00

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	Court Room	Non - S	40.00	40.00
	Ceremony Room (Mon-Fri. after 6pm)	Non - S	25.00	25.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00	20.00
	Gallery Room	Non - S	25.00	25.00
	Godwin Room	Non - S	25.00	25.00
	Council Chambers	Non - S	40.00	40.00
	Jeffery Room	Non - S	40.00	40.00
	Holding Room	Non - S	25.00	25.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	30.00	30.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	30.00	30.00
Mon - Fri. per hr after 8.30pm	Great Hall	Non - S	90.00	90.00
	Court Room	Non - S	60.00	60.00
	Ceremony Room (Mon-Fri. after 6pm)	Non - S	60.00	60.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00	20.00
	Gallery Room	Non - S	60.00	60.00
	Godwin Room	Non - S	60.00	60.00
	Council Chambers	Non - S	60.00	60.00
	Jeffery Room	Non - S	60.00	60.00
	Holding Room	Non - S	60.00	60.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	50.00	50.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	50.00	50.00
Saturdays per hr	Great Hall	Non - S	90.00	90.00
	Court Room	Non - S	60.00	60.00
	Ceremony Room (Mon-Fri. after 6pm)	Non - S	60.00	60.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00	20.00
	Gallery Room	Non - S	60.00	60.00
	Godwin Room	Non - S	60.00	60.00
	Council Chambers	Non - S	60.00	60.00
	Jeffery Room	Non - S	60.00	60.00
	Holding Room	Non - S	60.00	60.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	50.00	50.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	50.00	50.00
Sundays & Bank Hols Per hr	Great Hall	Non - S	145.00	145.00
	Court Room	Non - S	100.00	100.00
	Ceremony Room (Mon-Fri. after 6pm)	Non - S	100.00	100.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00	20.00
	Gallery Room	Non - S	100.00	100.00
	Godwin Room	Non - S	100.00	100.00
	Council Chambers	Non - S	100.00	100.00
	Jeffery Room	Non - S	100.00	100.00
	Holding Room	Non - S	100.00	100.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	100.00	100.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	100.00	100.00
Wedding Ceremony Rates	Great Hall	Non - S	750.00	750.00
	Court Room	Non - S	500.00	500.00
	Great Hall (Sundays & Bank Holidays)	Non - S	1,500.00	1,500.00
	Court Room (Sundays & Bank Holidays)	Non - S	1,000.00	1,000.00
Surveyors Fees	Applications to assign, sub, let or vary existing commercial leases or to seek consent for alterations (where Council is landlord)	Non -S	price on application, subject to minimum fee of £250	price on application, subject to minimum fee of £250
Surveyors Fees	Applications to purchase low value (non residential) property owned by the Council	Non -S	price on application, subject to minimum fee of £250	price on application, subject to minimum fee of £250
Museum Service				
Function Room Hire	Meeting Room Hire - Half Day	Non - S	75.00	80.00
	Meeting Room Hire - Full Day	Non - S	150.00	160.00
	Meeting Room Hire - Out of Hours (per hour)	Non - S	£106 + additional staff costs	£125 + additional staff costs
	Refreshments	Non - S	1.50	1.80
Gallery Hire for exhibitors When available	AG1 per week:			
	- Non- profit making organisation	Non - S	150 for 8 wks	60.00 per week
	- Individual Artisit	Non - S	150 for 8 wks	100.00 per week
	AG2 & 3 (per week)	Non - S		
	- Non- profit making organisation	Non - S	15.00 per week	60.00 per week

Fees & Charges Booklet 2013/14

Activity / Item	Basis	Statutory / Non-Statutory	2012/13 Value Incl VAT	2013/14 Value inc VAT
			£	£
	- Individual Artisit	Non - S	15.00 per week	100.00 per week
	Shoe Lounge	Non - S	N/A	Negotiable
Gallery Hire for other uses Out of hours	AG1, 2, 3 and Shoe Lounge		N/A	Negotiable
NMAG staff delivering Talks		Non - S	42.00	63.00 plus travel costs

Notes:
Non S - Non statutory
S - Sttatutory function

Appendices
6

CABINET REPORT

Report Title	Housing Revenue Account (HRA) Budget, Rent Setting 2013/14 and Budget Projections 2014/15 and 2015/16

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	20 February 2013
Key Decision:	Yes
Listed on Forward Plan:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr A Bottwood
Ward(s)	N/a

1. Purpose

1.1 To recommend the HRA 2013/14 budget and the HRA forecasts for 2014/15 and 2015/16, rent increases, service charges and other charges for 2013/14 to Council on 25 February 2013 (summarised in **Appendix 3**).

1.2 To provide a brief update on the on-going work on the direction of the HRA.

2. Recommendations

2.1 That Cabinet recommend to Council to approve:

a) An average rent increase of 4.41% per dwelling, in line with the Government's rent restructuring policy, convergence in 2015/16, to take effect from 1 April 2013.

b) The proposed service charges listed in **Appendix 5**

2.2 That the feedback from the Overview and Scrutiny Committee be considered and welcomed (detailed at **Appendix 1**).

2.3 That the HRA budget for 2013/14 of £53.4m expenditure (including options) be recommended to the Council (detailed in **Appendix 3**) for its own purposes.

2.4 That the Cabinet acknowledges the issues and risks detailed in the Chief Finance Officer's statement on the robustness of estimates and the adequacy of the reserves (**Appendix 6**).

2.5 That Council be recommended to delegate authority to the Chief Executive and Chief Finance Officer to implement all budget options and restructures.

2.6 **That authority be delegated to the Chief Finance Officer** 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.
- update the budget tables and Appendices, prior to Council should any further changes be necessary
- update prudential indicators in both the Prudential Indicators report and Treasury Strategy report, prior to Council for any budget changes that impact on these.

2.7 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 HRA reserves of £5.0m at the end of 2013/14 having regard to the outcome of the financial risk assessment and remaining at this level over the medium term and in line with the 30 year Business Plan.

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 still calculated by applying the rent restructuring formula as defined by the Government.

3.1.2 The HRA Budget proposed for 2013/14 reflects the current service levels and the current methods of service delivery, plus some proposals for some specific changes Medium Term Planning (MTP) options detailed in **Appendix 4**.

3.1.3 On 19 December 2012, Cabinet approved the Draft HRA Budget for consultation. A schedule of all changes since this meeting is included at **Appendix 2** and discussed below in paragraph 3.2.2 to 3.2.6 below**.**

3.2 Issues

Draft budget Position – Cabinet 19 December 2012

3.2.1 Cabinet met on the 19 December 2012 and recommended proposals for consultation. The headlines were:

a) Proposing rent increase in line with government rent restructuring policy of 4.41%
b) A HRA budget for 2013/14 of £51.99m expenditure plus medium term planning options totalling a net cost of £356k.

Draft Budget Position - Cabinet 20 February 2013

3.2.2 Further work on the HRA budget has been undertaken to refine the estimates since 19 December 2012, taking into account any feedback from the budget consultation period from the 19 December 2012 to the 31 January 2013. This has resulted in a number of adjustments, some of a technical, nature which impact on the draft budget since 19 December.

3.2.4 A schedule of all changes since the 19 December 2012 proposals is shown at **Appendix 2**. Since the draft budget was proposed the summary HRA position for 2013/14 has changed as follows:

	£
Contribution to (from) reserves 19 Dec Report	**9,534,700**
Income Dwelling Rents	(1,010,000)
Income Service Charges	(30,900)
Rent Rebate Subsidy Limitation	71,000
Net recharges	(74,800)
Depreciation/ MRA	3,364,900
Contribution from reserves	(2,320,200)
Contribution to (from) reserves 20 Feb Report	**7,214,500**

Rents and Rent Restructuring

3.2.5 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, including that held by Housing Associations.

3.2.6 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

3.2.7 The percentage change in rental charges will vary from property to property depending on the formula rent calculation. The draft budget assumes that the Council will continues to apply the rent restructuring policy with the convergence target date of 2015/16. This will result in an average rent increase of 4.41% for 2013/14.

3.2.8 Revised rents will take effect from 1 April 2013. The table below shows the range of rent increases for 2013/14 in percentage and pounds per week terms.

Rent Increase/Decrease	No of Properties
Above 7%	174
6% to 7%	1,563
5% to 6%	2,028
4% to 5%	3,053
3% to 4%	5,035
Under 3%	197

Rent Increase / Decrease £/week	No of Properties
Between £6 & £7	16
Between £5 & £6	1,005
Between £4 & £5	7,874
Between £3 & £4	3,150
Between £2 & £3	5

Rent Rebate Subsidy Limitation

3.2.13 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.

3.2.14 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.

3.2.15 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 pressure on the HRA until the point at which all rents have been restructured or the Governments national rent policy changes.

HRA Subsidy/ Self-financing

3.2.16 From 1 April 2012 the HRA Subsidy system was abolished and replaced by the Self-financing HRA. The HRA no longer has to pay rents over to the Government but has to instead finance the debt taken on through the introduction of Self-financing of £192.9m. The move to Self–financing HRA's was laid down in the Localism Act which received Royal assent in January 2012.

HRA Budget

3.2.17 The Housing Revenue Account budget includes the effect of proposed rent increases, and service charge increases.

3.2.18 Summary draft budget figures are contained in **Appendix 3**.

Housing Repairs Account

3.2.19 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.

3.2.20 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

3.2.21 The HRA Capital Programme is subject to a separate report Capital Programme 2013-14 to 2015-16. The budget for 2013/14 includes for the Depreciation/Major Repairs Allowance. This can only be used to finance HRA capital expenditure. 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 under Self-financing to be considered together.

3.2.22 The Capital Programme includes sums for the debt taken on under Self-financing and allows for future Prudential Borrowing from 2013/14. The revenue costs of the borrowing under Self-financing are reflected in the Interest and Financing costs of the HRA below the Net cost of services.

Medium Term Planning (MTP) Position

3.2.23 The financial pressure on the HRA changes over time. This arises from a number of factors, the main ones being: -

- The sale of council houses through Right to Buy whereby, broadly speaking, the better quality housing stock will be sold and the Council will lose some of its revenue stream and contribution to overheads; and
- Increasing Repairs costs through the pressure to meet and maintain the decent homes standard and increasing expectations of tenants.

3.2.24 The Council is currently conducting a full stock option appraisal.

HRA Reserves

3.2.25 In previous years, Cabinet has approved the prudent set aside of funds into specific HRA Reserves to finance future HRA expenditure including capital financing, a Leaseholder reserve, a Service Improvement reserve, a Debt reserve to set aside an allowance for future debt repayment, and a Supporting People reserve. These reserves at 1 April 2012 currently totalled £2.6m, £0.17m, £1k, £2m, and £0.56m respectively. These reserves can be drawn down as required, to finance the future strategic requirements of the service, and will be subject to change depending on the approval of MTP options and future funding requirements under the Self-financing HRA .

3.2.26 The level of general working balances estimated at £5m for the end of 2013/14 is within what is acceptable under the robustness of estimates assessment shown at **Appendix 6**.

3.3 Choices (Options)

MTP Options

3.3.1 The Cabinet can suggest changes to the budget proposals and adjust the budget proposals accordingly in consultation with the Chief Financial Officer. It would then recommend the amended budget and rents (if applicable) to Council.

3.3.2 The MTP options are summarised at **Appendix 4**. The Cabinet are invited to indicate if they wish any specific services to be considered for inclusion. These MTP options are included in the summary budget figures at **Appendix 3**. Any

MTP options not approved will increase/decrease budgeted reserves by that amount. All options have been subject to Equalities Impact Screening and Assessments where required.

4. Implications (including financial implications)

4.1 Policy

4.1.1 None

4.2 Resources and Risk

4.2.1 The HRA Self-financing regime has moved the focus of HRA financial planning towards long term business planning. With it comes initially high level of debt and increased treasury management and other risks with the onus on the Council to ensure long-term viability of the HRA. In addition to this the Council bears the interest and inflation risks.

4.2.2 **Appendix 6** addresses the robustness of estimates and adequacy of the Council's reserves with reference to risks identified.

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 has been completed as part of each medium term planning option submitted.

4.5 Consultees (Internal and External)

4.5.1 Internally, Heads of Service, Budget Managers and the Portfolio Holder have been consulted.

4.5.2 The HRA Capital programme has been consulted on as part of the General Fund and Capital programme consultation process. No consultation is required on rent setting or charges setting (as explained in the report, rents are set by the Government determination). However, the Council is required to consult on matters of Housing Management.

4.5.3 Tenants are generally consulted on Housing matters through the Tenant Sounding Board. The quarterly area based tenant meeting of 11 February 2013 gave an overview of the HRA Rent Setting process. Tenants were invited to provide feedback on capital work priorities.

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

4.7.1 The Appendices are set out as follows:

1. Consultation responses – Overview and Scrutiny
2. Changes to draft HRA budget since 19 December Cabinet
3. Proposed HRA Budget 2013/14 and forecasts for 2014/15 and 15/16
4. Schedule of HRA Budget Options 2013/14 – 2015/16
5. Schedule of Service charges
6. Robustness of Estimates - Statement of the Section 151 officer under the requirements of section 25 of the Local government Act 2003

5. Background Papers

5.1 Cabinet Reports:

- Draft Budget 2013-16 19 December 2012
- HRA Business Plan 18 January 2012
- Capital Programme 2013-14 To 2015-16

5.2 Equality Impact Assessments (NBC Internet website)

5.3 External documents:

- CLG – Letter informing of Weekly Limit Rent for Local Authorities
- Equalities and Human Rights Commission – The Public Sector Equality Duties and Financial Decisions

Phil Morrison, Assistant Head of Finance, ext. 7194
Isabell Procter, Director of Finance & Support, ext 8757

Appendix 1

Extract From Overview and Scrutiny Minutes 31 January 2013

5. DRAFT BUDGET 2013-2016

The Committee considered a report on the Council Wide Draft Budget 2013-14.

The Overview and Scrutiny Reporting and Monitoring Working Group met on 9 January 2013 and identified the following budget proposals that it wished to scrutinise further.

The items were:-

- Savings Arising from Changes to Terms and Conditions (General Fund)
- Savings from moving services into LGSS Conditions (General Fund)
- Raising sponsorship to offset cost of NBC events Conditions (General Fund)
- Dealing with Welfare Reform and the Impact on Rent Income Collection Conditions (General Fund)(HRA)

Savings Arising from Changes to Terms and Conditions (General Fund)

Councillor Mackintosh as the Cabinet member with responsibility for changes to terms and conditions and Councillor Bottwood as Finance Cabinet Member addressed the Committee to discuss this Budget proposal. The main points of discussion were as follows:-

It was explained that this matter impacted on both the General Fund and the Housing Revenue Accounts.

Members asked if the proposals had had an effect on staff morale and what feedback had been received during the consultation process. It was felt that there had been an impact on staff morale but that it needed to be taken in the context of the current difficult economic climate. Staff realised that there were several additional pressures on the amount of money available to deliver services which also had to change rapidly to encompass major new legislation.

It was explained that the whole consultation process had started in October last year. The main focus :

- Essential Car User Allowances – Removal of the essential car user allowance and replace with a casual car user allowance.
- Professional Fees
- Charging Staff for car parking.

At the same time employees were also asked if they wished to put themselves forward for voluntary redundancy or early retirement.

There were 22 people interested in voluntary redundancy 19 of those were in services which were to be subject to reorganisation. Therefore 3 people were agreed for voluntary redundancy release. The release of those concerned had been agreed by their managers and a Panel which looked at the impact that their leaving might have on the service.

Members questioned whether these changes could be implemented if they were part of employees' contract. They were advised that changes in the contracts were introduced as part of the pay and grading exercise and introduced a condition that non contractual conditions such as essential car users allowance could be changed if three months' notice was given.

The combined savings achieved from the agreed voluntary redundancies and the removal of the essential car user allowance was sufficient to achieve the required salary savings for this year. It was therefore decided to give 12 months' notice that the other proposals i.e to remove payment of professional fees and the introduction of staff car parking charges would be introduced in 2014.

Members were advised that the Trade Unions had not agreed to the changes and had stated that they intended to hold a ballot of their members.

Members asked whether alternatives to essential car use had been considered and were advised that car-pooling had been investigated but that it was not viable for the Council to introduce. This may change in the future if a scheme was introduced as part of any future partnership agreements.

Members also queried how the staff car parking fees would be determined. Consultation had been based on a percentage of salary scheme, but feedback received from staff had been divided between preferring that or a flat rate fee scheme. Members also queried whether they would be included. They were advised that during consultation it had become obvious that there were many different elements that needed to be considered before the scheme was introduced and this was one of the reasons that it had been deferred for a year.

Savings from moving services into LGSS Conditions (General Fund)

Councillor Bottwood addressed the Committee to discuss this Budget proposal. The main points of discussion were as follows:-

The principle to take part in negotiations with Northamptonshire County Council and Cambridgeshire Council was agreed by Cabinet last year. Detailed arrangements are now being considered.

There have been several project teams looking at various elements of the proposal and the current focus is maintaining levels of service when services transfer over to Local Government Shared Service (LGSS) Draft Service

Level agreements are being considered and will be reviewed by Management Team in the next week. Services were in the process of making preparations to ensure that when the changeover happened there would be no detrimental change in the service delivered to the customers.

Members queried where the setting up costs were coming from and whether the £415,000 anticipated savings in the first year took these into account. They were advised that the setting up costs were being found from an improvement reserve. It was confirmed that the £415,000 was an estimate at a point in time and would be recalculated at the negotiation phase, taking into consideration issues such as where staff were based, office accommodation etc.

Members also asked whether the project was still on course to deliver those savings. David Kennedy, Chief Executive, confirmed that a timetable was being worked to and the initial proposed start date was 1 April 2013, but it was acknowledged that there could be a delay to 1 May or 1 June 2013. If there was a delay there would obviously be a corresponding reduction in the amount of savings achieved this year. Members were advised that there would be a review of all budget options undertaken by the Director of Resources before the final budget consideration and if necessary figures would be revised at that stage.

The financing of local government is undergoing rapid change and it was increasingly important to ensure that services were being provided at the best possible cost and that involves more effective partnership working under agreements such as LGSS.

Members questioned whether the aim was to simply to provide services at the same level, but were advised that this was a starting point and that it was hoped that by working in partnership then improvements would be made and there would be an increase in the quality of service over time. There were some services that the Borough Council currently excels at and the aim is that by working together the other partners will adapt best practice and their services will improve. In a similar way other partners' areas of expertise would influence Borough Council services.

With regard to risk, there will always be an element of risk when undertaking such a high level change process; however members were assured that the various project boards were continually undertaking reviews to risk levels.

Members were reminded that there has been an LGSS Scrutiny Inquiry which has been looking at the details of the agreements as they have become clear. All Members have been invited to attend those meetings

Members were advised that the details of the LGSS Scrutiny Inquiry were available on the Intranet.

Raising sponsorship to offset cost of NBC events Conditions (General Fund)

Councillor Eldred, Cabinet member for Community Engagement addressed the Committee to discuss this Budget proposal.

The main points of discussion were as follows:-

The aim of this budget proposal was to obtain sponsorship from local businesses for events .This began at Christmas when a local car company sponsored a Christmas tree in the Market Square. The ultimate aim would be to create enough sponsorship to make the Events Team self-funding and generate income which could then be used to provide further events.

The budget contribution for the first year was set at £5,000 but the second year is £70,000. Members queried whether this was achievable and whether someone had been specifically employed to seek company sponsorship for events. No specific staff had been taken on, there had been a sponsorship and promotion pack created last year which would be used. It was felt that the initial £5,000 was cautious and that there would be a lot of opportunities for sponsorship associated with the Northampton Alive event at Delapre Abbey. The tickets for Northampton Alive were selling well and it was hoped that if that proved a success in its first year then it would build a reputation and it would be easier to attract sponsorship in the future. It was emphasised that it was intended to obtain sponsorship for other events and hopefully grow the whole events programme.

Members queried whether costs for cleaning up and reinstatement after events like those at Delapre Abbey had been taken into account. It was emphasised that the Delapre Abbey event was being run by professional organisation and that these issues would be dealt with.

There was some discussion around whether the proposed level of savings was achievable. It was accepted that it is a difficult economic climate and it may be harder to find companies who are willing to sponsor events if their advertising budgets have been cut. It remained to be seen if the proposals for this year were achieved which could give some indication .Projected levels for the first year were low and if necessary figures for future years would need to be reviewed in the light of the most up to date information.

The Chair suggested that it would be a useful role for the overview and Scrutiny Committee to monitor, in 12 months' time, whether the income generation of £70,000 could be achieved. The Committee agreed that this would be an important issue for it to scrutinise.

It was requested that data on the overall costs of events be forwarded to the Committee for its information.

AGREED: The Cabinet Member for Community Engagement be invited to the Overview and Scrutiny Committee in a years' time to discuss how successful the raising of sponsorship had been.

Dealing with Welfare Reform and the Impact on Rent Income Collection Conditions (General Fund)(HRA)

Councillor Markham, Cabinet Member for Housing, addressed the Committee to discuss this Budget proposal.

The main points of discussion were as follows:-

This was another item which had an impact on both the Housing Revenue Account and the General Fund.

The Welfare Reform Act will be introduced in April 2013 and Universal Credit will be introduced in October. The proposed budget was to provide an additional 2 or 3 members of staff on 2 year fixed term contracts. They will be available to provide advice and assistance on all aspects of the welfare reform changes as they impact on Council housing tenants.

There has already been a considerable amount of work done identifying 1,200 tenants who have been identified as being affected by the Welfare Reform changes.(70- 80 families who may be affected by the Welfare Reform Cap). It was confirmed that the Overview and Scrutiny Committee could be provided with more details on this data.

It was highlighted that the Council had communicated with people that it felt would be affected and was aiming to help prevent them from getting into difficulties. Existing housing staff have been contacting tenants, initial attempts at contact have been made by phone, including calls at evenings and weekends to talk to tenants and make sure that they are aware of the changes and how they might affect them and discuss their preparedness. If tenants cannot be contacted by phone then they will be written to, inviting them to come and discuss the changes with housing officers. Some tenants are aware of changes and are trying to make provision; others are unwilling or possibly in denial about what it means to them.

It was acknowledged that it was not just Council tenants that will be affected and that there were also other factors such as changes in local Council Tax benefit which will cause problems to some people. The aim is to try and prevent as many people as possible from falling into debt. Tenants would also be signposted to other agencies for help with budget management etc. If however they do fall behind in their rent payments then action will be taken to clear arrears and ultimately eviction action would be started.

Members welcomed the efforts being made by the Housing Staff but expressed concern there would still be many people adversely affected who would still not come and discuss their problems until they found themselves in difficulties and then the additional staff provided would not prove adequate. Out of those currently contacted 221 have acknowledged the problem and were taking actions, others said they would deal with it when it happened or did not actually accept that it was happening.

Members expressed concern that the other agencies might be unable to cope with resulting demand, as they too were under financial constraints. Members were advised that the Leader of the Council, the Cabinet Member for Housing and the Chief Executive were aware of this problem and were meeting with other agencies next week.

Members also felt that there was a very real danger that some people would simply be unable to cope. There may also be issues regarding the fact that many people have had housing benefit paid directly to their landlords and never had to budget and pay rent directly. The Committee was informed that in some cases it may be possible for payments to be made directly.

It was likely that Members would also find themselves having to deal with an increased case load as people became affected by the changes and turned to Members for help. A Member briefing session on Welfare Reform changes is being held on 19 February.

Members asked what would happen to those people who were unable to meet their rent commitments. In very extreme cases then there may be some provision to help those people who are very vulnerable. In appropriate cases then action will be taken to obtain possession.

AGREED: The Cabinet Member for Housing be asked to the Overview and Scrutiny Committee in six months' time to give an update on the impact of the new Policies**.**

APPENDIX 2

Changes to Draft HRA Budget Since 19 December 2012 Cabinet

Description	Budget 2013/14	Budget 2014/15	Budget 2015/16
HRA Balanced Budget - December Cabinet	0	0	0
Income - Dwelling Rents	(1,010,000)	(27,600)	(54,500)
Income - Service Charges	(30,900)	(10,200)	(10,200)
Rent Rebate Subsidy Limitation	71,000	11,000	(6,000)
Net Recharges	(74,800)	2,500	14,100
RCCO	0	(6,908,000)	(1,544,000)
Depreciation/MRA	3,364,900	3,543,100	1,544,000
Contribution to (from) Reserves	(2,320,200)	3,389,200	56,600
HRA Balanced Budget - February Cabinet	0	0	0

Appendix 3

Housing Revenue Account Budget Proposals

Description		2012/2013 Original Budget £'s	2013/2014 Proposed Budget £'s	2014/2015 Proposed Budget £'s	2015/2016 Proposed Budget £'s
INCOME					
Rents - Dwellings Only	(1)	(46,571,123)	(49,463,700)	(50,462,300)	(52,542,900)
Rents - Non Dwellings Only		(1,111,836)	(1,091,400)	(1,116,900)	(1,143,700)
Service Charges		(1,873,377)	(2,748,154)	(2,753,796)	(2,780,747)
Service Charges - De-pooled	(1)	(970,400)			
Other Income		(85,000)	(85,000)	(85,000)	(85,000)
Total Income		**(50,611,736)**	**(53,388,254)**	**(54,417,996)**	**(56,552,347)**
EXPENDITURE					
Repairs and Maintenance		11,114,158	12,545,452	12,754,049	12,502,076
General Management		6,186,892	6,347,282	5,474,186	5,663,040
Special Services		3,546,676	3,598,319	3,683,057	3,750,947
Rents, Rates, Taxes & Other Charges		87,164	81,499	81,867	82,270
Increase in Bad Debt Provision		450,000	750,000	750,000	500,000
Rent Rebate Subsidy Deductions		643,000	96,000	23,000	0
Total Expenditure		**22,027,890**	**23,418,552**	**22,766,159**	**22,498,333**
Continuation Budget		**(28,583,846)**	**(29,969,702)**	**(31,651,837)**	**(34,054,014)**
Medium Term Planning Options		0	355,750	87,750	(12,250)
Net Recharges from the General Fund		4,821,000	4,529,600	4,533,800	4,591,900
Interest & Financing Costs					
- Debt management costs		99,920	0	0	0
- Premia		301,872	40,803	0	0
- Interest on balances		(173,090)	(345,410)	(407,790)	(416,710)
- Mortgage interest		(980)	(820)	(670)	0
- Interest Fixed Rate	(2)	5,944,500	6,352,300	6,351,100	6,352,300
Voluntary Debt Repayment		8,197,624	0	0	0
RCCO	(3)	3,147,500	0	9,128,900	9,079,380
Depreciation/MRA		8,245,500	11,822,979	12,211,047	12,609,994
Contribution to / (from) Reserves		(2,000,000)	7,214,500	(252,300)	1,849,400
Remaining Deficit / (Surplus)		**0**	**0**	**0**	**0**

Notes

(1) Rent increase - Draft 4.41% in 2013/14 in line with Rent Convergence, Service charges de-pooled .

(2) Interest due on Self-financing debt taken out

(3) RCCO - Revenue Contributions to fund the Capital programme

Appendix 4

Housing Revenue Account MTP options

Directorate	MTP Reference	MTP Option Description	Value 13/14	14/15	15/16
Housing					
	6	Property Maintenance Restructure	(2,000)	(220,000)	(220,000)
		TOTAL	**(2,000)**	**(220,000)**	**(220,000)**
Terms and Conditions					
	188	Terms and Conditions Savings	(90,000)	(165,000)	(165,000)
		TOTAL	**(90,000)**	**(165,000)**	**(165,000)**
Savings & EfficenciesTotal			**(92,000)**	**(385,000)**	**(385,000)**
GROWTH					
Housing					
	4	Floating Support for Vulnerable Tenants	50,000	75,000	75,000
	8	Dealing with Welfare Reform and the Impact on Rent Income Collection	100,000	100,000	0
	50	Responsive Repairs Gas Boiler Breakdown	124,100	124,100	124,100
	51	Programmed Repairs External Painting and Repairs	73,650	73,650	73,650
	52	Landlord Services Restructure - service improvement	100,000	100,000	100,000
Growth Total			**447,750**	**472,750**	**372,750**
Overall Total			**355,750**	**87,750**	**(12,250)**

SCHEDULE OF SERVICE CHARGES 2013/14

SERVICE CHARGES (48 week Basis)

		PRESENT £	PROPOSED £
Garages		7.98	8.33
(+VAT in some cases)			
Commuter Surcharge on Garages		12.67	13.24
(+VAT in some cases)			
Communal Heating		9.12	9.52
Sheltered Charges per Review			
- Level 1 Low		5.64	5.64
- Level 2 Medium		12.25	12.25
- Level 3 High		17.99	17.99
Eleonore House - Level 4			
- Prior to 31/3/03		8.89	8.89
- After 31/3/03		63.27	63.27
Brookside Meadows New Build - Service Charges			
- Tarmac and Block Paving		3.44	3.53
- Electric Gates		0.96	0.98
CCTV		2.80	2.86
Grounds Maintenance		1.85	1.90
Non- Standard Service Charges			
Electricity Communal	**Low**	0.10	0.10
	High	5.90	6.05
Estate Services - Cleaning and Caretaking	**Low**	1.91	-
	High	6.70	-
- Extended cleaning service being introduced in 2013/14			
- Service Level 1			0.36
- Service Level 2			0.87
- Service Level 3			1.09
- Service Level 4			1.45
- Service Level 5			2.18
- Service Level 6			3.27
- Service Level 7			4.35
- Service Level 8			4.35

Appendix 6

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 – Housing Revenue Account (HRA)

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 25th February 2013 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 14th January 2013.

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

Housing Revenue Account 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 2013/14; 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 2013/14

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 robustness factors taken into account in developing the draft budget are shown in the tables below.

Review of Risk in the Housing Revenue Account 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 As a result of the risk assessment a number of options were modified or removed from the proposed budget.

3.6 In relation to the remainder, the risks inherent in the budget proposals have been factored into the risk assessment of reserves.

3.7 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 14th January 2013.

3.8 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).

3.9 Performance against the budget will be monitored regularly throughout the financial year, and will be reported to Cabinet by means of formal reports.

3.10 If necessary management action will be identified to address any adverse variances to the budget.

3.11 The assumptions and potential changing circumstances mean that forecasts for future years need to be reviewed each financial year

3.12 The review of robustness is at Table 1, appended to this Appendix.

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 HRA working balances and determined that the minimum level should be set at £5.0m, which is in line with the HRA Business Plan.

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) and guidance from CIPFA and Government on Treasury risk.

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 risk of major litigation.

c) Unplanned volume increases in major demand led budgets, particularly in the context of a growing town.

d) Specific high-risk service issues that were identified during the 2012/13 financial year.

e) Risks associated with managing a Self-financing HRA.

f) Current volatility of the Repairs and Maintenance service.

g) The impact of council tax benefit reforms and impacts on housing benefits for customers - particularly in the current economic climate. .The implementation of welfare reform may have a detrimental impact on the non-payment of rent.

5.8 The Chief Financial Officer therefore recommends

a) That a minimum prudent level of working balance be set at £5.0m for 2013/14 (target for 31 March 2014). 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 Housing Revenue Account Earmarked Reserves

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

Reserve	**Balance as at 31/03/12**	**Additions to Reserves**	**Use of/ Reductions to Reserves**	**Forecast Balances as at 31/03/2013**
	£000s	**£000s**	**£000s**	**£000s**
Capital Programme	2,636	8,210	0	10,846
Leaseholders	168	0	0	168
Service Improvement	1,000	660	(660)	1,000
Supporting People	558	0	0	558
HRA Reform	2,000	0	(2,000)	0
	6,362	**8,870**	**(2,660)**	**12,572**

7 Housing Revenue Account (HRA)

7.1 The opening working balance for 2012/13 was £5m (see 5.8a above). It is anticipated that the working balance will be maintained at this level and any surplus will be used as an additional contribution to Earmarked Reserves to fund future expenditure service priorities.

Isabell Procter,
Chief Financial Officer

Table 1 – Robustness of Estimates – HRA

Budget Assumption	**Commentary on Robustness**
The treatment of inflation and interest rates	1% has been assumed for the 2013/14 pay award, and 0% for the 2014/15 and 2015/16 pay awards.
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 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. Among other items, specific pressures have been identified in relation to the cost of welfare reform, Self-financing, rent pressures through the rent restructuring process and repairs costs through the pressure to meet and maintain the decent homes standard.
The treatment of efficiency savings/productivity gains.	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. The HRA services have been reviewed to establish whether services can be delivered more efficiently.
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.	The HRA maintains a prudent level of balances in reserves to deal with any contingencies that arise. The HRA has specific reserves of £6.36m as identified in the table under 6.1 above. The HRA 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 HRA's recent track record of budget and financial management is that as at month 9 the HRA is forecasting a saving of £907k for 2012/13.

Budget Assumption	Commentary on Robustness
The Directorate’s capacity to manage in-year budget pressures	The HRA undertakes regular monthly monitoring to promptly identify budget pressures and savings. It is working to improve its ability to develop and monitor action plans and implement solutions to address such pressures as necessary.

Appendices:
1

CABINET REPORT

Report Title	PRUDENTIAL INDICATORS FOR CAPITAL FINANCE 2013-14 to 2015-16

AGENDA STATUS: **PUBLIC**

Cabinet Meeting Date:	20 February 2013
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Resources
Accountable Cabinet Member:	Alan Bottwood
Ward(s)	Not Applicable

1. Purpose

1.1 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) requires that prudential indicators, other than actuals that are taken from information in the local authority's Statement of Accounts, are set for the forthcoming and following years through the processes established for the setting and revising of the budget for the local authority – that is, by the full Council.

1.2 This report sets out:

- The background to the prudential indicators
- Proposed prudential indicators for 2013-14 and the following two years
- A commentary to support the individual prudential indicators (Appendix 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 3.2.3 below.

2.2 That Cabinet recommend to Council that they approve the delegation of authority to the Section 151 Officer, in consultation with the Cabinet member for Finance, 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 set out at paragraphs 3.2.3 (g) and (h) below.

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 framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal.

3.1.3 The objectives of the Prudential Code are to provide a framework for local authority capital finance that will ensure for individual local authorities that:

- Capital expenditure plans are affordable
- All external borrowing and other long-term liabilities are within prudent and sustainable levels
- Treasury management decisions are taken in accordance with professional good practice

And, that in taking decisions in relation to these factors, the local authority is accountable, by providing a clear and transparent framework.

3.1.4 In exceptional circumstances the objective of the Prudential Code is to provide a framework that will demonstrate that there is a danger of not ensuring the above, so that the authority can take timely remedial action.

3.1.5 The framework in the Prudential Code includes a set of prudential indicators, designed to support and record local decision-making. These should be taken together, integrated into a coherent entity, rather than individually.

3.1.6 The Prudential Code requires that prudential indicators, other than actuals that are taken from information in the local authority's Statement of Accounts, are set for the forthcoming and following years through the processes established for the setting and revising of the budget for the local authority – that is, by the full Council. Any revisions required to the prudential indicators must follow the same approval process.

3.1.7 The Chief Finance Officer is required to establish procedures to monitor both performance against all forward-looking prudential indicators and the requirement to adopt and adhere to the CIPFA Treasury Management in the

Public Services: Code of Practice and Cross-Sectoral Guidance Notes. He or she is also expected to establish a measurement and reporting process that highlights significant deviations from expectations.

3.1.8 The Prudential Code requires the following matters to be taken into account when setting or revising the prudential indicators:

a) Service objectives - e.g. strategic planning for the authority
b) Stewardship of assets - e.g. asset management planning
c) Value for money - e.g. option appraisal
d) Prudence & sustainability - e.g. implications for external borrowing and whole life costing
e) Affordability - e.g. implications for Council Tax
f) Practicality – e.g. achievability of the forward plan

Matters of affordability and prudence are primary roles for the Prudential Code.

3.2 Issues

Prudential Indicators

3.2.1 In total there are fourteen prudential indicators, covering between them the areas of affordability, prudence, capital expenditure, external debt, and treasury management, as set out below.

Those shown in italics relate to actuals for the previous year to be taken from information in the local authority's Statement of Accounts.

Affordability

- Estimate of the ratio of financing to net revenue stream
- *Actual ratio of financing to net revenue stream*
- Estimate of the incremental impact of capital investment decisions on the council tax
- Estimate of the incremental impact of capital investment decisions on the housing rents

Prudence

- Gross debt and the capital financing requirement

Capital Expenditure

- Estimates of capital expenditure
- *Actual capital expenditure*
- Estimates of capital financing requirement
- *Actual capital financing requirement*

External Debt

- Authorised limit for external debt
- Operational boundary for external debt
- *Actual external debt*
- HRA Limit on Indebtedness

Treasury Management

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

3.2.2 In respect of the indicators for affordability and those for capital expenditure, separate figures are required to be reported for the General Fund and HRA.

3.2.3 The proposed prudential indicators for 2013-14 to 2015-16 are set out below. These exclude those indicators that are actuals for the previous year taken from information in the local authority's Statement of Accounts (as shown in italics in the paragraph above). The 2012-13 outturn figures for these indicators will be reported to Cabinet and Council following the closure of the 2012-13 accounts.

Further information is provided at Appendix A, which comprises a commentary and risk analysis for each prudential indicator.

Affordability

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

Ratio of financing costs to net revenue stream				
		2013-14	2014-15	2015-16
		Estimate %	Estimate %	Estimate %
General Fund		6.02	7.68	6.45
HRA		33.49	33.41	32.88

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

Estimates of incremental impact of new capital investment decisions on the Council Tax	
	General Fund
	£ p
2013-14	0.27
2014-15	2.57
2015-16	3.69

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

Estimates of incremental impact of new capital investment decisions on weekly housing rents	
	HRA
	£ p
2013-14	0.06
2014-15	0.33
2015-16	0.72

Prudence

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

Gross debt and the capital financing requirement	
	2013-14 £000
Gross external debt	216,129
2012-13 Closing CFR (forecast)	216,826
Increases to CFR:	
2013-14	5,118
2014-15	-
2015-16	-
Adjusted CFR	221,944
Gross external debt greater than adjusted CFR	**No**

Capital Expenditure

e) Estimate of capital expenditure

Capital Expenditure				
		2013-14	2014-15	2015-16
		Estimate £000	Estimate £000	Estimate £000
General Fund		5,747	7,316	1,475
HRA		24,375	42,100	22,161
Total		**30,122**	**49,416**	**23,636**

f) Estimates of capital financing requirement (CFR)

Capital Financing Requirement (Closing CFR)			
	2013-14	2014-15	2015-16
	31 March 2014 Estimate £000	31 March 2015 Estimate £000	31 March 2016 Estimate £000
General Fund	35,141	35,055	34,930
HRA	186,803	186,803	186,803
Total	**221,944**	**221,858**	**221,733**

External Debt

g) Authorised limit for external debt

Authorised limit for external debt			
	2013-14	2014-15	2015-16
	Limit £000	Limit £000	Limit £000
Borrowing	245,000	245,000	245,000
Other long-term liabilities	5,000	5,000	5,000
Total	**250,000**	**250,000**	**250,000**

The Council's S.151 Officer will have delegated authority to effect movement between the separately agreed figures for borrowing and other long-term liabilities. Any such changes will be reported to the Council at the next meeting following the change.

h) Operational boundary for external debt

Operational boundary for external debt			
	2013-14	2014-15	2015-16
	Boundary £000	Boundary £000	Boundary £000
Borrowing	235,000	235,000	235,000
Other long-term liabilities	5,000	5,000	5,000
Total	**240,000**	**240,000**	**240,000**

The Council's S.151 Officer will have delegated authority to effect movement between the separately agreed figures for borrowing and other long-term liabilities. Any such changes will be reported to the Council at the next meeting following the change.

i) HRA Limit on Indebtedness

The HRA limit on indebtedness is £208.401m. This is the HRA debt cap imposed by the Department for Communities and local Government at the implementation of HRA self-financing.

Treasury Management

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

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

3.1.1 There are also three treasury management indicators required by the Prudential Code but not treated as prudential indicators. These are included in the Council's Treasury Management Strategy Report elsewhere on this agenda:

- Upper limits on fixed interest and variable interest rate exposures
- Upper and lower limits to the maturity structure of borrowing
- Upper limits to the total of principal sums invested for periods longer than 364 days

3.3 Choices (Options)

3.3.1 Cabinet are asked to recommend to Council that they approve the prudential indicators set out at paragraph 3.2.3 above.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The setting of the prudential indicators for 2013-14 to 2015-16 is undertaken in the context of the Council's Medium Term Financial Strategy, Capital Strategy and Treasury Strategy, and sets the Council's prudential indicators for the coming year, and subsequent two years.

4.2 Resources and Risk

4.2.1 The Prudential Code requires that risk analysis and risk management strategies should be taken into account in respect of all capital financing, treasury management and related activities.

4.2.2 Treasury management has the same definition as in the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes: The management of the organisation's investments and 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.

4.2.3 The prudential indicators will provide a framework in 2013-14 in which the Council conducts its capital financing activities, consistent with good risk management, and alongside its treasury strategy. Officers will monitor the indicators throughout the year. Monitoring information will be reported to Cabinet and Council in the treasury management mid year report, and the outturn figures in the treasury management outturn report. In addition any significant changes to overall affordability and/or any breaches of authorised limits will be reported on an exception basis.

4.2.4 The proposed prudential indicators have taken account of the existing structure of borrowing and all reasonable restructuring activity that might occur. They are consistent with the Council's capital programme, Capital Strategy, and Treasury Management Strategy for 2013-14 to 2015-16, which are all brought to this Cabinet for recommendation for approval by Council on 25 February 2013.

4.2.5 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 Appendix A at individual indicator level.

4.3 Legal

4.3.1 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) and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

4.3.2 This includes the requirement that prudential indicators, other than actuals that are taken from information in the local authority's Statement of Accounts, are required to be set and where they are revised, revised through the processes established for the setting and revising of the budget for the local authority.

4.4 Equality

4.4.1 Capital expenditure schemes, the costs of which impact on some of the prudential indicators in this report, are all subject to the Council's equalities impact assessment process prior to commencement.

4.4.2 In respect of the other prudential indicators in this report, no equalities issues have been identified.

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

The proposals support the Council's priority of making every £ go further.

4.7 Other Implications

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

5. Background Papers

None

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Prudential Indicators 2013-14 to 2015-16

Affordability

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

Commentary

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 figures for both HRA and General Fund, although fluctuating slightly each year, are forecast to remain broadly stable across the three year period.

The relatively high ratio for the HRA across all years (compared to General Fund) arises from the HRA debt taken on in 2011-12 under the government's HRA self-financing agenda, and from the requirement to include depreciation in the financing costs, as represented by the value of the Major Repairs Allowance (MRA), which is not required in the General Fund figures.

The figures used for the net revenue stream for 2013-14 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.

Risk Analysis

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. Carry forwards in the capital programme, whether planned or unplanned, will delay the impacts of debt financing costs to future years.

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

Commentary

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 additional capital expenditure.

Revenue budget impacts may arise from the following:

- Direct revenue contributions
- Lost interest on use of revenue contributions
- Lost interest on use of capital receipts
- Lost interest on use of internal borrowing
- Lost interest on use of earmarked reserves
- Interest on use of external borrowing
- Revenue running costs or savings

The figure represents the incremental impact on Council Tax from capital expenditure schemes starting in 2013-14 and planned for 2014-15 and 2015-16. For this reason continuation schemes that have already been agreed are excluded from the calculation, except where they are ongoing work programmes with discretion to vary expenditure from year to year.

The rising trend is normal and results from three factors. Firstly the cumulative impact of ongoing programmes such as the Disabled Facilities Grant programme; secondly the delay in the charging of MRP, whereby annual charges for the repayment of borrowing principal start the year after expenditure is incurred; and thirdly the cumulative effect over the three year period of interest lost on cash resources that have been applied to the capital programme.

Risk Analysis

The calculation of this indicator produces a notional figure. In practice the incremental costs of capital programme expenditure, including borrowing costs, are incorporated into the calculations for the revenue budget build along with all other proposed budget increases and savings, and are considered as part of an overall package of affordability.

Capital appraisals are completed for all new capital programme bids, and these should include any additional revenue costs associated with a scheme.

These procedures are designed to ensure that capital expenditure schemes are not included in the planned programme unless they have been demonstrated to be affordable, as well as prudent and sustainable.

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

Commentary

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

Revenue budget impacts may arise from the following:

- Direct revenue contributions
- Lost interest on use of revenue contributions
- Lost interest on use of capital receipts
- Lost interest on use of internal borrowing
- Lost interest on use of earmarked reserves
- Lost interest on use of Major Repairs Allowance (MRA)
- Interest on use of external borrowing
- Revenue running costs or savings

The figures represent the incremental impact on weekly housing rents from capital expenditure schemes starting in 2013-14 and planned for 2014-15 and 2015-16. For this reason continuation schemes that have already been agreed are excluded from the calculation, except where they are ongoing work programmes with discretion to vary expenditure from year to year.

The rising trend is normal and is primarily the result of the cumulative effect over the three year period of interest lost on cash resources that have been applied to the capital programme.

The availability of additional revenue funds to support capital expenditure is linked to the HRA self financing reforms; the abolition of subsidy payments to government (replaced by debt financing costs) are expected to allow significant capital investment, initially to meet decent homes standards, and subsequently to maintain those standards and to invest in estate regeneration and/or new homes build. Actual rent rises will remain in line with the government rent restructuring policy.

Risk Analysis

The calculation of this indicator produces a notional figure. In practice the incremental costs of capital programme expenditure, including borrowing costs, are incorporated into the calculations for the HRA revenue budget build along with all other proposed budget increases and savings, and are considered as part of an overall package of affordability.

Capital appraisals are completed for all new HRA capital programme bids, and these should include any additional revenue costs associated with a scheme.

These procedures are designed to ensure that HRA capital expenditure schemes are not included in the planned programme unless they have been demonstrated to be affordable, as well as prudent and sustainable.

Prudence

d) Gross debt and the capital financing requirement

Commentary

This is a key indicator of prudence. It is intended to show that debt 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 financing requirement for the current and new two financial years. This demonstrates that the Council's borrowing has only been undertaken for a capital purpose.

Risk Analysis

Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual strategy.

Capital Expenditure

e) Estimate of capital expenditure

Commentary

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 2013-14 to 2015-16 is included elsewhere on this agenda and the prudential indicator figures are based on that report.

Estimates include continuation schemes from previous years, where applicable. Outline proposals for new bids starting in 2014-15 and 2015-16 are not included for General Fund schemes at this stage. The programme will be adjusted as necessary in line with the actual bids submitted and the resources available when the annual programmes for the two years are agreed.

Risk Analysis

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 slowdown 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 and project monitoring. Any significant issues are reported to Cabinet as part of the finance and performance reporting cycle.

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 depressed or fluctuating economic environment. A prudent approach has been taken to these funding streams in the proposed capital programme for 2013-14 to 2015-16. New capital schemes funded by receipts are not approved until receipts are actually realised.

The financing position of the capital programme is closely monitored by officers on an ongoing basis and any significant issues are reported to Cabinet as part of the finance and performance reporting cycle.

f) Estimate of capital financing requirement (CFR)

Commentary

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 contributions.

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 forecast trend for the General Fund CFR is a very gentle decrease over the forthcoming three-year period, as the amount of proposed borrowing is offset by annual repayments of principal (Minimum Revenue Provision).

The HRA CFR is forecast to remain static for the three year period as no new borrowing is planned to support the HRA capital programme.

The changes to CFR for future years (2014-15 and 2015-16) are subject to future Council decisions in respect of the capital programme for those years

Risk Analysis

The capital financing requirement will vary from the estimates if there are changes to capital programme plans that result in reduced or increased borrowing to support expenditure. This will include adjustments between years as a result of carry forwards in the capital programme, which can impact on the profile of capital expenditure and the profile of the minimum revenue provision.

All borrowing plans must be affordable in revenue terms and to this end additional borrowing to fund capital expenditure will only be approved through the normal capital project approval process and where it has been demonstrated to be prudent affordable and sustainable.

External Debt

g) Authorised limit for total external debt

Commentary

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 authorised limit is set at an amount that allows a contingency for any additional unanticipated or short-term borrowing requirements over and above the operational boundary during the period (see (h) below).

Other long-term liabilities relate to finance leases and credit arrangements.

Council may delegate authority to the S.151 Officer to effect movement between the separately agreed figures for borrowing and other long-term liabilities within the operational boundary. Any such changes should be reported to the Council at the next meeting following the change.

Risk Analysis

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 the Council’s cash flow requirements.

h) Operational Boundary for total external debt

Commentary

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 borrowing element of the operational boundary has been set with reference to the maximum Capital Financing Requirement (CFR) over the coming three years.

Other long-term liabilities relate to finance leases and credit arrangements.

Council may delegate authority to the S.151 Officer to effect movement between the separately agreed figures for borrowing and other long-term liabilities within the operational boundary. Any such changes should be reported to the Council at the next meeting following the change.

Risk Analysis

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 the Council's cash flow requirements.

i) **HRA Limit on Indebtedness**

Commentary

The local authority is required to report the level of the limit imposed (or subsequently amended) at the time of implementation of self-financing by the Department for Communities and local Government. It is the HRA capital financing requirement that will be compared to this limit.

Risk Analysis

The HRA business plan has been modelled with full regard to the CLG debt cap requirements. The risk assessment of the business plan does not identify the breach of the debt cap as a risk. However there is an identified risk that inflation levels may change more than expected, resulting in the financial assumptions in the business plan proving to be inaccurate, leading to reduced headroom for borrowing. In this instance borrowing may reach (but not breach) the debt cap.

Treasury Management

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

Commentary

The Prudential Code requires that the local authority has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. The aim is to ensure that treasury management is led by a clear and integrated forward looking treasury management strategy, and recognition of the pre-existing structure of the authority's borrowing and investment portfolios.

Risk Analysis

Effective risk management is a fundamental requirement for the treasury management function, and this theme runs explicitly through the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

The prime policy objectives of the Council's investment activities are the security and liquidity of funds, and return on investments will be considered only once these two primary objectives have been met. The Council will thereby avoid exposing public funds to unnecessary or unquantified risk.

The Council's Treasury Management Strategy Report for 2013-14 to 2015-16 (including appendices) discusses the ways in which treasury management risk will be determined, managed and controlled.