Northampton Borough Council

Capital Strategy

2009-10 to 2011-12

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INTRODUCTION AND BACKGROUND

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

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

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

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

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

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

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

LOCAL CONTEXT

Introduction

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

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

Transport Networks

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

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

Area and Population

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

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

Council Services

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

ASSET MANAGEMENT PLANNING

The Corporate Asset Management Plan

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

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

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

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

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

Fixed Assets Overview

Analysis of Fixed Assets – Movements in Year

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

Operational Assets

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

Non Operational Assets

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

Analysis of Fixed Assets by Category

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

CAPITAL STRATEGY

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

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

Particular emphasis will be given to schemes that:

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

The capital strategy will be delivered through:

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

THE COUNCIL'S PRIORITIES AND THE COMMUNITY VISION

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

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

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

Council Priorities 2009/10

These are:

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

Our Partnership vision for Northampton

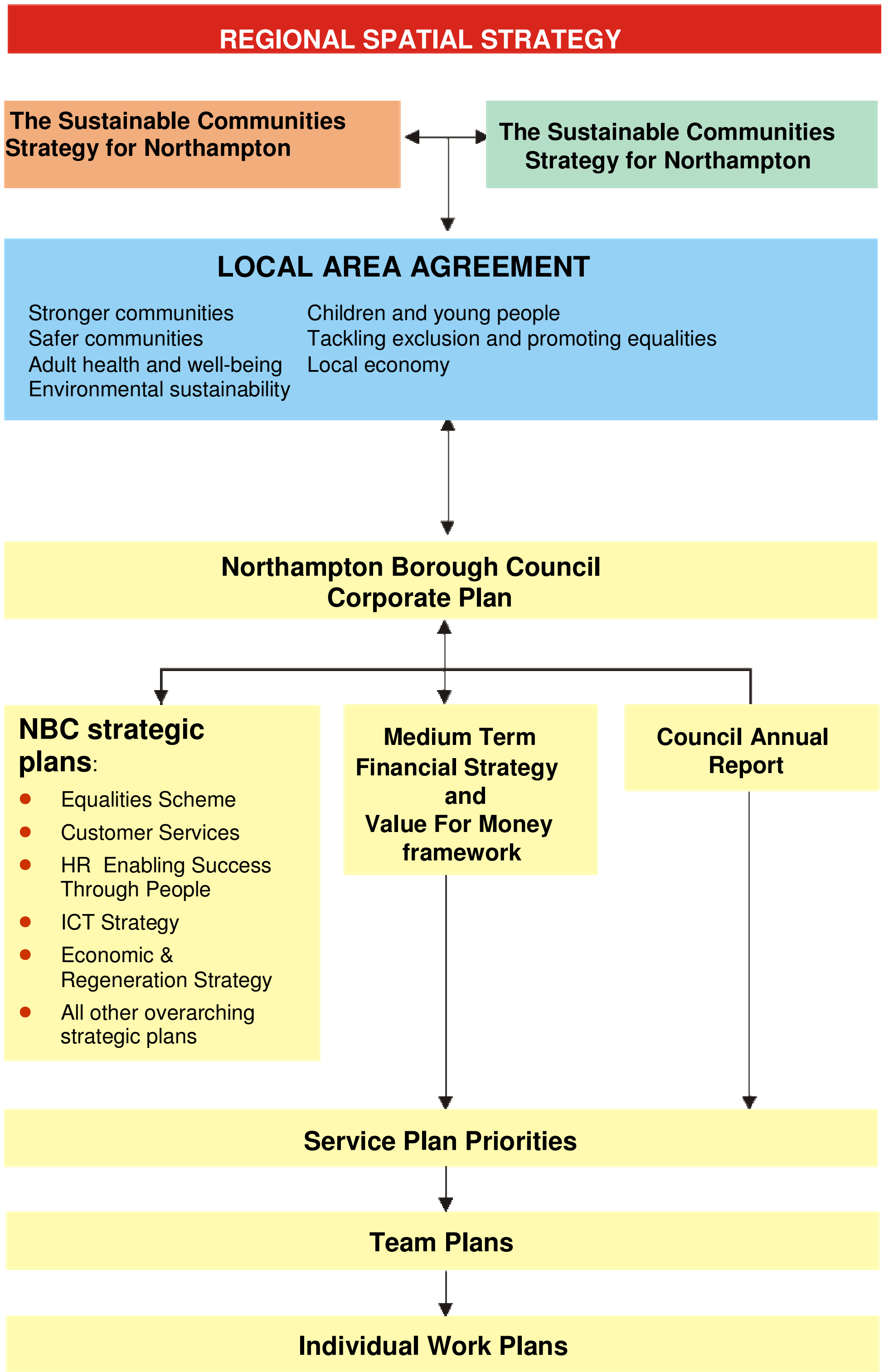
The Northampton Local Strategic Partnership have agreed the Sustainable Communities Strategy for Northampton, which incorporates the key themes form the county-wide strategy and focuses on key strategic objectives local to Northampton:

By 2011 Northampton will be:

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

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

How we deliver our key strategies



COUNCIL PLANS AND STRATEGIES

The Corporate Plan

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

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

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

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

The Capital Strategy

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

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

Service Plans and Strategies

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

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

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

NBC Corporate Plan 2008-11 - Strategic Map

Northamptonshire SCS

LSP / Sustainable Community Strategy partnership vision for Northampton

By 2011 Northampton will be:

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

LSP priorities:

- Growth and expansion of Northampton
- Developing a better place to live
- Improving health and well being of local people

LAA themes

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

NBC Corporate Priorities

- Safer, cleaner greener communities
- Improve housing and health to enhance community well being
- A well-managed organisation that puts our customers at the heart of what we do
- Promote economic development and growth in Northampton
- *Strengthen our commitment to partnership working and*

NBC Corporate Objectives

- Improve the quality of the environment in which we live
- Help people feel safer through reducing crime and anti-social behaviour
- Deliver an excellent housing service and affordable housing
- Promote equality, social inclusion and improve health
- Continue to improve our weakest services
- Clear, decisive political & managerial leadership to drive cultural change
- Continue to strengthen our financial management
- Work with partners to support economic and infrastructure development to promote sustainable communities
- Improve our interaction with the public to ensure we are providing good quality services

Service Area Objectives

Equalities

- Leadership & corporate commitment
- Community engagement & accountability
- Service delivery & customer

NBC strategic plans:

For example:

- Customer Excellence
- Human Resources
- Information and Communications Technology
- Economic Regeneration
- All other overarching

Medium Term Financial Strategy and Value for Money framework - the Budget

Annual Council Review

AFFORDABILITY, SUSTAINABILITY, PRUDENCE AND VALUE FOR MONEY

The Prudential Code

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

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

Affordability

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

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

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

Prudence and Sustainability

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

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

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

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

Northampton Borough Council and The Prudential Code

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

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

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

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

Value for Money

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

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

Minimum Revenue Provision (MRP)

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

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

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

PARTNERSHIP WORKING

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

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

WNDC's overall aim is:

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

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

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

Local Area Agreement

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

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

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

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

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

The benefits of the LAA2 are that it:

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

Other Partnerships

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

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

CONSULTATION

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

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

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

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

The tool kit is broken down into eight steps

Step 1 - Defining the project aims and objectives

Step 2 - Resourcing the consultation

Step 3 - The level and method of consultation required

Step 4 - Identifying with whom to consult

Step 5 - Making sure the consultation is inclusive

Step 6 - Planning the consultation

Step 7 - Using the results

Step 8 - Evalution of the consultation

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

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

Area Partnerships

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

Tenant Board

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

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

Housing Strategy Steering Panel

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

Consultation and Capital Investment

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

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

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

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

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

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

LOCAL AND NATIONAL TARGETS

Local Targets

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

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

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

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

National Targets

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

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

Efficiency Targets

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

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

EQUALITIES

The Council's Approach to Equality

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

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

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

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

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

Promoting Equalities through the Capital Programme

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

Each completed project appraisal includes responses to the following questions:

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

The project manager for each capital scheme is responsible for ensuring that an Equalities Impact Assessment is completed appropriately for each scheme in the capital programme. ***All schemes are approved subject to funding and an appropriate Equalities Impact Assessment.***

POLITICAL AND CORPORATE MANAGEMENT STRUCTURES

Political Management Structures

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

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

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

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

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

Corporate Management Structures

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

Project Management

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

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

PERFORMANCE MANAGEMENT

Corporate Capital Groups

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

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

Comprehensive Area Assessment (CAA) and Performance Management

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

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

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

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

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

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

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

Performance Management

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

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

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

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

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

[1] Performance Management Framework (part 1 & 2)
[2] Operational Manager Report CD (Aug 08)
[3] Monthly and Quarterly performance reports (June 08)
[4] Performance Clinic documents
[5] Cabinet and Overview and Scrutiny Performance Reports

BUILDING AND MONITORING THE CAPITAL PROGRAMME

Capital Programme 2009-10 to 2011-12

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

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

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

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

Building the Capital Programme

Timetables

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

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

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

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

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

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

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

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

Short Bid Forms

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

Project Appraisals

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

There are two versions of the full project appraisal format:

- Single projects
- Block appraisals

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

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

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

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

Prioritising projects

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

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

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

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

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

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

Future year starts

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

Project Managers

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

This includes ensuring that:

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

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

Directorate Management Teams

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

Finance – Capital and Treasury Team

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

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

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

Capital Programme Monitoring

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

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

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

Changes to the Agreed Programme

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

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

Proposed additions to the programme

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

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

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

Amendments to Existing Schemes

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

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

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

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

FINANCING CAPITAL EXPENDITURE

Overview

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

Capital Receipts

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

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

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

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

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

Prudential Borrowing

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

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

Supported Borrowing

The other form of borrowing available for funding the capital programme is supported borrowing. This is where the costs of the borrowing are recognised in the formula grant settlement and are therefore 'supported'. Note however that the formula grant does not cover the full cost of the borrowing undertaken following a supported borrowing allocation. As a district authority supported borrowing allocations are limited.

Government Grants

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

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

Third Party Contributions

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

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

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

Revenue Contributions

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

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

Funding Strategy

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

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

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

Funding streams are allocated in the following ways:

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

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

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

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

Revenue Implications of Capital Projects

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

Leasing

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

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

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

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

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

RISK MANAGEMENT

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

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

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

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

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

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

Financing Risks

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

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

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

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

PURCHASING PROTOCOLS

Procurement Strategy 2008-11

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

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

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

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

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

Procurement Team

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

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

- Annex A -

Committee Structure and Cabinet Member Portfolios

Portfolios of Cabinet Members

Cllr Anthony Woods **Leader of the Council**	**Partnerships, Policy & Improvement** Partnership and Improvement Policy and Communications
Cllr Brendan Glynane **Deputy Leader of the Council**	**Community Safety & Engagement** Leisure & Culture Community Engagement Safer Stronger Northampton Partnership
Cllr Sally Beardsworth	**Housing** Housing Directorate
Cllr Richard Church	**Planning & Regeneration** Regeneration Planning Market Square
Cllr Maria-Trinidad Crake	**Environment** Neighbourhood Services Public Protection
Cllr Brian Hoare	**Performance and Support Services** Performance Human Resources Customer Services ICT Legal Services
Cllr Malcolm Mildren	**Finance** Finance & Assets Revenues & Benefits Procurement

Northampton Borough Council Committee Structure

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

- Annex B -

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

3.9 Capital Strategy

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

3.10 Capital Budget

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

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

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

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

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

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

3.11 Asset Management Plan

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

4.6 Capital Monitoring

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

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

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

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

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

5.8 Assets

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

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

- Annex C -

Short Bid Form

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

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

- Annex D -

Project Appraisal Forms:

Single Project Appraisal

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

Block Appraisal

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

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

- Annex E -

Capital Scheme Scoring Sheet

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

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

- Annex F -

Project Variation Form

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

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

- Annex G -

Key to Abbreviations and Acronyms

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

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

- Annex H -

Glossary of Terms

Asset Management Plan (AMP)

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

Best Value

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

Best Value Performance Plan

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

Capital Expenditure

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

Capital Programme

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

Capital Receipts

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

Capital Reserve

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

Capital Strategy

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

Community Strategy

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

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

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

Comprehensive Performance Assessment (CPA)

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

Comprehensive Area Assessment (CAA)

The replacement inspection scheme replacing the CPA.

Comprehensive Spending Review

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

Corporate Plan

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

Cross Cutting

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

Debt Financing Budget

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

Disability Discrimination Act 1995

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

Fixed Assets

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

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

Local Strategic Partnership

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

Medium Term Plan

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

Performance Measures

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

Performance Indicators

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

Procurement

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

Prudential borrowing

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

Prudential Code

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

Prudential Indicators

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

Ring Fenced Funding

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

Section 151 Officer

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

Service Plans

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

Supported Borrowing

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

Useful Life

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

Whole Life Costs

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

- Annex I -

Feedback Form

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

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

Please email comments to:

bdixon@northampton.gov.uk

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

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