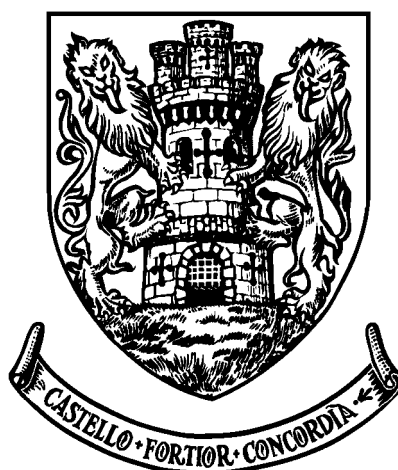


# NORTHAMPTON BOROUGH COUNCIL



## COUNCIL

Monday, 25 February 2019

**YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON MONDAY, 25 FEBRUARY 2019 AT 6:30 PM WHEN THE FOLLOWING BUSINESS IS PROPOSED TO BE TRANSACTED**

**1. DECLARATIONS OF INTEREST**

**2. MINUTES**

To approve the minutes of the proceedings of the Meeting of the Council held on 14 January 2019. (Copy herewith.)

**3. APOLOGIES**

**4. MAYOR'S ANNOUNCEMENTS.**

**5. PUBLIC COMMENTS AND PETITIONS**

**6. GENERAL FUND REVENUE AND CAPITAL BUDGETS 2019-2020**

**7. HOUSING REVENUE ACCOUNT (HRA) BUDGET, RENT SETTING 2019/20 AND BUDGET PROJECTIONS 2020/21 TO 2022/23**

**8. ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES**

**9. COUNCIL TAX 2019/2020**

**10. LOCAL GOVERNMENT REFORM IN NORTHAMPTONSHIRE - STRUCTURAL**

## **CHANGES ORDER**

- 11. LOCAL GOVERNMENT REFORM IN NORTHAMPTONSHIRE PROPOSED JOINT COMMITTEE - EXECUTIVE FUNCTIONS - TERMS OF REFERENCE**
- 12. STATEMENT ON GAMBLING POLICY**
- 13. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE MAYOR IS OF THE OPINION SHOULD BE CONSIDERED.**

George Candler – Chief Executive  
The Guildhall  
Northampton

### **Public Participation**

#### **1. Comments and Petitions**

- 1.1 A member of the public (or an accredited representative of a business ratepayer of the Borough) may make a comment or present a petition on any matter in relation to which the Council has powers. A comment or presentation of a petition shall be for no more than three minutes. No notice of the nature of the comment to be made or of the petition is required except for the need to register to speak by 12 noon on the day of the meeting.

(Public comments and petitions will not be taken and the Annual Council Meeting or other civic or ceremonial meetings.)

#### **NOTES**

- i. Comments may be on one or more subjects but each person has no longer than three minutes to have their say.*
- ii. The same person may make a comment and present a petition on different subjects. In such instances that person will have three minutes to make their comment and a separate three minutes to present a petition.*

#### **2. Member and Public Questions**

- 2.1 A member of the public (or business ratepayer of the Borough) may ask a maximum of two written questions at each meeting, each limited to a maximum of 50 words, on any matter in relation to which the Council has powers. Each question shall:
  - be submitted in writing and delivered, faxed or e-mailed to Democratic Services no later than 10.00am seven calendar days before the day of the meeting; and
  - include the name and address of the questioner and the name of the Cabinet member/Committee Chair to whom the question is put.
- 2.2 At the meeting, copies of all questions and the responses to them from the public and Members will be made available to the public and press. The Mayor may allow one supplementary question, without notice, that arises directly from the original question or response.

(Questions will not be taken at the Annual Council Meeting or at civic or ceremonial meetings or meetings called to deal with specific items of business.)

### NOTES

*In respect of paragraph 2.1 above, questions may be rejected on certain grounds that are set out on page 4-12 of the Council's Constitution and which may be viewed at [www.northampton.gov.uk/site/scripts/download\\_info.php?fileID=1919](http://www.northampton.gov.uk/site/scripts/download_info.php?fileID=1919) or by seeking advice using the contact details below.*

### 3. Motions

- 3.1 A member of the public may register to speak to a motion under the 'Notices of Motion' item on the agenda. Registration to speak must be made to Democratic Services by 12 noon on the day to the meeting. Speaking to a motion is restricted to three minutes per person.

(The 'Notices of Motion' item will not be taken at the Annual Council meeting or meetings called for civic or ceremonial purposes.)

### 4. General

A member of the public may make a comment, present a petition, ask a question or speak to a motion at the same meeting subject to the restrictions set out above.

### 5. Contacts

Democratic Services: e-mail [democraticservices@northampton.gov.uk](mailto:democraticservices@northampton.gov.uk)

Tel 01604 837722

Mail Democratic Services  
Northampton Borough Council  
The Guildhall  
St Giles Square  
Northampton NN1 1DE

## MINUTES

OF THE PROCEEDINGS OF A MEETING OF NORTHAMPTON BOROUGH COUNCIL HELD AT THE GUILDHALL, NORTHAMPTON, ON Monday, 14 January 2019 AT SIX THIRTY O'CLOCK IN THE EVENING

**PRESENT:** HIS WORSHIP THE MAYOR Councillor G Eales (in the Chair).

**COUNCILLORS:** Ansell, Ashraf, Aziz, Beardsworth, Birch, Bottwood, Cali, Caswell, Choudary, Chunga, Davenport, Duffy, G Eales, T Eales, Eldred, Golby, Graystone, Hadland, Hallam, Haque, Hibbert, J Hill, Joyce, Kilbride, King, Larratt, B Markham, M Markham, Marriott, McCutcheon, Meredith, Nunn, Oldham, Parekh, Patel, Russell, Sargeant, Smith, Stone, Walker and Roberts

### 1. DECLARATIONS OF INTEREST

There were no declarations of interest by members.

### 2. MINUTES

Councillor Russell noted an omission from the previous meeting's minutes wherein she thanked the Democratic Services Manager and the Civic and Mayoral Officer for their hard work.

The minutes were then agreed.

### 3. APOLOGIES.

Apologies for absence were received from Councillors Flavell, Lane, Malpas and Kilby-Shaw.

### 4. MAYOR'S ANNOUNCEMENTS

The Mayor announced the sad passing of Alderman Tony Stimpson and led Members in a minute's silence in his honour.

Councillor Beardsworth commented that she remembered Alderman Stimpson fondly and passed her condolences to his wife and family.

Councillor Stone stated that whilst she did not know Alderman Stimpson, she was always glad to honour people who played an important role in the town and commented that she was glad Alderman Stimpson's passing was being marked and asked that the Labour group's condolences be passed to his family.

Councillor Larratt commented that he had been saddened to learn of Alderman Stimpson's passing and noted that he had been a key architect to the extension of the Guildhall, stating that the town was still living with his legacy and would continue to do so for many years to come.

The Mayor announced that the Big Sleep Out would be taking place on 1<sup>st</sup> February and that approximately 400 fundraisers were expected to take part. He further announced additional upcoming events, including:

- 28<sup>th</sup> February - "You Must Remember This" fundraising event; tickets priced at £30, food and drink included and entertainment provided;
- 30<sup>th</sup> March – Northampton Male Voice Choir performing at All Saints Church to raise money for the Mayoral Fund, starting at 7:30pm; tickets priced at £10, refreshments available, and;
- 3<sup>rd</sup> April – Thanksgiving Mass at Barrack Road Cathedral.

The Mayor announced that since the last meeting he and the Mayoress had attended a number of events, including:

- an art exhibition on Guildhall Road to commemorate the 10 year anniversary of the death of Corporal Marc Birch;
- visiting numerous residential care homes over the Christmas period;
- 18<sup>th</sup> December - Attended "Tree of Love" event at Northampton Cathedral, also attended by Lord and Lady Spencer;
- 25<sup>th</sup> December – met Stan Robertson, a local volunteer, who had a food stall on the Market Square, and helped feed the homeless. Later, the Mayor and Mayoress visited several wards at Northampton General Hospital. In the evening they attended a dinner at the Hope Centre along with 150 of its clients.
- Several visits to Berrywood Hospital over the Christmas period;
- Lunch at Miller & Carter where the Rotary Club presented the Mayor with a cheque for £2125 for his Mayoral Charity, and;
- A New Year's party, hosted by the Mayor, at Simon De Senlis House.

## **5. PUBLIC COMMENTS AND PETITIONS**

Mr Brian Hoare referred to the Cabinet Member Report for Finance and suggested that the Council had not been honest when consulting the public. He did not believe that the consultation was written in plain English and stated that the questionnaire was not visible on the Council's website until 8<sup>th</sup> January, leaving residents with less than 4 weeks to respond. He stated that the questionnaire did not give respondents enough information to form an educated response.

Mr Daniel Soan commented on the Queen Eleanor Cross and noted that a current petition on the Council's website had garnered more than 1,500 signatures. He welcomed the news that the Council had gone to tender for works to be carried out in April, however asked the Council to erect a temporary cover around the structure to prevent further eroding of the stone in the meantime. He further commented that a regular programme of inspections and maintenance would be crucial in insuring the future of the Cross and suggested that ownership be transferred to the community, possibly a Parish Council, to quickly and easily deal with any maintenance issues that may arise.

Mr Ronald Fitzhugh referred to the Queen Eleanor Cross and stated that the Council needed to do more to inspire confidence in residents that the Cross was being given

due consideration.

Mr David Huffadine-Smith referred to the Cabinet Member Report for Housing and Wellbeing and expressed his pleasure at the Nightshelter's success but questioned why it was "only half full" when several social media groups had indicated that some rough sleepers had been turned away. He suggested that the Council meet with some of the town's voluntary organisations to better assist those in need.

## **6. MEMBER AND PUBLIC QUESTION TIME**

No questions were submitted before the deadline.

## **7. CABINET MEMBER PRESENTATIONS**

Councillor Nunn, as Leader of the Council, submitted his report and elaborated thereon. He explained that he had met with the NCC Children's Commissioner to discuss children's services and was encouraged by the observations made. He reminded Councillors of an upcoming unitary briefing session on 30<sup>th</sup> January. He further stated that a Northampton West Steering Group had been set up. The next step would be to implement a Joint Committee before moving to an implementation board, which would comprise of 16 members.

The Leader commented that the trial Park & Ride service in the lead up to Christmas had been a success despite it not being widely advertised and stated that its continuation was important for the town's long-needed culture change. Regarding the Queen Eleanor Cross, the Leader advised that Historic England had strongly recommended that the Cross remain uncovered, since condensation could cause further damage and a temporary cover could be seen as a "climbing frame" to some.

In response to questions asked, the Leader agreed that there was significant demand for family housing. The Leader confirmed a meeting between residents' associations and heritage officers would be arranged for those interested in discussing the Queen Eleanor Cross; moving forward, he advised that briefings, possibly monthly, would be arranged to keep councillors updated with progress made. He confirmed that he would be happy to meet with the Councillor G Eales, as the Ward Councillor for Spencer, regarding the St James Mill Link Road and commented that regarding unitary business, there was no benefit in further lobbying Central Government. He stated that the current proposal was the best thing for the town.

Councillor Larratt, as Deputy Leader to the Council, presented his report to the Council and elaborated on the salient points. He noted that a report updating Members on carried motions was unfortunately not ready for the meeting but hoped that it would go to the next. He also clarified that there had been some changes to upcoming Councillor Development groups, new dates being as follows:

- 18<sup>th</sup> February
- 9<sup>th</sup> May
- 8<sup>th</sup> July
- 16<sup>th</sup> September
- 4<sup>th</sup> December

Responding to questions, the Deputy Leader explained that a meeting room capable of webcasting would make it a more lettable facility in order to generate income. He confirmed that consultants had been appointed for the consultation element of the Community Governance Review would be ready to start the consultation process from the end of January. With regard to sports clubs, the Deputy Leader stated that work to secure the Fernie Fields club was ongoing, confirming that the Head of Economy, Regeneration and Assets was currently working on a lease.

Councillor Hibbert elaborated upon his report highlighting the importance of the Strategy and its aim to change lives. He informed the Council of a homeless person who had used the Night Shelter, had found it very beneficial and useful. He had moved to Oasis House and had been very happy there but had since passed away. He stated that a review would be undertaken into the death of a homeless woman who had died on New Year's Day. Councillor Hibbert emphasised the importance of rough sleepers engaging with Outreach Workers.

In answer to a question regarding assistance provided to rough sleepers with drug or alcohol addiction, Councillor Hibbert informed that individuals could be referred to the relevant Agencies but they must want the assistance in order to be helped.

At this juncture of the meeting, the Mayor announced that the time limited for Cabinet Member reports had been reached and no further Cabinet Members would elaborate on their reports.

## **8. OPPOSITION GROUP BUSINESS**

Councillor Joyce highlighted the importance of appreciating employees and stated that Northampton Borough Council had done a lot of work recently to improve the working lives of employees, such as the reduction of the working week from 40 to 37 hours, changes to sick pay and signing of the "Dying to Work" charter. He commented that as a trade union representative, he was pleased that the Council had established good working relationships with unions and that they were seen as having an important contribution to make in maintaining a happy and committed workforce. He stated that work needed to be done to ensure that poor management practices were dealt with and training given to improve interpersonal skills throughout the organisation. Councillor Joyce further highlighted the importance of showing that bullying and harassment was not tolerated, and seen to be dealt with.

The Leader commented that a lot of work had been undertaken in recent years to change the culture of the organisation and highlighted the return of the HR Department back in-house as part of that change. He stated that HR policies were regularly updated. The Leader further confirmed that a staff group would be moving forward with the "Red Box" project.

## **9. NOTICES OF MOTION**

- i) Councillor Roberts proposed and Councillor Haque seconded:

"Northampton Borough council is committed to being the best employer we can be

and to set the standard for other local employers.

We therefore to commit to refreshing our employment procedures to include an updated policy on family friendly working.

It can be hard to balance the needs of family with those of employer but it's in everyone's interests to get the balance right.

There are several family-friendly working options to consider, including parental leave and flexible working arrangements. Flexible working can include working part-time, job sharing, shift working, working school hours, staggering time and working from home.

As an employer we are keen to help staff find the right work/life balance because we want them to be productive and focused on work, getting the best possible outcome for our service users.

Parental leave and flexible working arrangements are two ways to make work more family-friendly.”

Councillor Nunn proposed and Councillor Eldred seconded an amendment.

Amended motion to read:

“Northampton Borough council is committed to being the best employer we can be and to set the standard for other local employers.

It can be hard to balance the demands of modern life and needs of family with those of an employer but it's in everyone's interests to get the balance right, and Northampton residents deserve to be served by council staff that feel valued and engaged with their work, and therefore provide the best service they can.

We therefore continually refresh our employment procedures, and these include the existing policies that the council has on Parental Leave and Paternity Leave, and our Career Break Policy that is currently supporting staff including one employee who's long-term serious illness would otherwise have meant them having reduced pay, but who is still receiving full pay consistent with our commitment to the TUC 'Dying to Work' charter.

The council also operates family-friendly working, which (whilst never losing sight of the service to be provided to residents) not only allows parental leave and flexible working arrangements, but flexible working, part-time, job sharing, working school hours, and staggering time.

Working from home is part of modern work patterns, and this is allowed, with a review currently under way to ensure that this, and flexible working, is clearly defined.”

As an employer we are keen to help staff find the right work/life balance because we want them to be productive and focused on work, getting the best possible outcome for our service users, and council reaffirms its commitment to this.”

Council debated the amendment.



Upon a vote, the amendment was carried and became the substantive motion.

Council debated the substantive motion.

Upon a vote, the motion was carried.

The Mayor noted that within accordance to Part 4 (4.2) of the Constitution, motion ii) had been withdrawn.

- iii) Councillor Beardsworth accepted an alteration to the original motion as published on the agenda. The altered motion was seconded by Councillor Meredith.

Council agreed to the altered motion debated below:

“This Council recognises the importance of retaining good members of staff over the next 15 months to ensure that skilled staff are available to transfer to a new Unitary authority to continue to provide good local government services to the residents of Northampton.

The Council has HR policies and procedures in place, which of course need to be understood and adhered to, in order to achieve the goal of retaining good members of staff.

The Council recognises that there will always be staff who choose to move on, but during the past 18 months, in order to make NBC an attractive place for good staff to work, has:

- Reduced the standard work hours from 40 to 37, to be competitive with other employers, with part-time staff reducing their by the same percentage if they chose to.
- Removed the no pay for the first day of sickness
- Improved various HR policies
- Used the discretions policy on sick pay to honour commitments under the TUC ‘Dying to work’ charter
- Anticipates a likely 2% pay award for 2019/20
- Enhanced staff discounts and benefits arrangements
- Maximised the use of apprenticeships and the apprenticeship levy
- Transferred a significant proportion of the interim contract staff to more permanent types of fixed contract arrangements
- Recruited a Learning and Development Manager to support personal development
- Brought the HR service back in-house to be closer to the employees that it supports

Council thanks its hard working staff for their dedication to supporting the town and serving its residents, and reaffirms its commitment to ensure that NBC is an attractive place for good staff to work.”

Council debated the motion.

Upon a vote, the motion was carried.

iv) Councillor Stone proposed and Councillor Nunn seconded:

“Northampton has a strong and proud history of manufacturing, including its boot and shoe trade and heavy to medium engineering.

Despite the demise of such important companies such as British Timken, Express lifts, Northampton Machinery Co, RHP Bearings and Plessy, we do still have centres of excellence with Cosworth, AMG Powertrain, Churches shoes, Trickers and many others.

This Council is already very pleased to buy products and services from many local companies, and as part of continually seeking to get best value for the local taxpayer, is keen to work with more local companies and employers.

There are now two national campaigns to promote manufacturing, the GMB Union “Making it” and “The Made in Britain” which is run for manufacturers.

This Council therefore recognises both of these campaigns, and agrees to promote their membership to local companies, along with continuing to encourage potential manufacturers to site within the town. The Council will, wherever possible and cost effective, use local suppliers to support the local economy.”

Council debated the motion.

Upon a vote, the motion was carried.

Mr David Huffadine-Smith addressed Council and explained that parish councils could provide many services that a large authority could not, and hoped that the Council would seek to create parish councils wherever possible.

v) Councillor B Markham accepted an alteration to the original motion as published on the agenda. The altered motion was seconded by Councillor Beardsworth.

Council agreed to the altered motion debated below:

“The Council is undertaking a Community Governance Review with the intention of establishing two tiers of local government across Northampton when the new unitary arrangements come into force.

This will constitute a major change to the way that services are delivered to local

communities and the level of council tax that households are expected to pay in the currently unparished areas of the Borough.

This Council therefore expects that in any literature provided to the public, setting out proposed new Parish / Town Council arrangements, will detail the options for service delivery by the new councils and give an indication as to the initial precept / council tax that will be levied, while recognising that going forward this will be a matter for the elected members of the new councils.”

Council debated the motion.

Upon a vote, the motion was carried.

vi) Councillor King proposed and Councillor Larratt seconded:

“The Disability Confident scheme, run by the national government, promotes a disability-inclusive culture among employers across the UK.

The scheme helps employers:

- draw from the widest possible pool of talent
- secure high quality staff who are skilled, loyal and hard working
- improve employee morale and commitment by demonstrating that all employees are treated fairly

Disability Confident employers are changing behaviour and cultures within their organisations, networks and communities. Northampton Borough Council is serious about equal opportunities and proud of its proven track record of being an Equal Opportunity employer and, as such, it already carries out numerous actions to make a difference for disabled people. Nevertheless, we are aware this is only a part of a much broader journey.

Therefore, this motion calls on the Council to commit to signing up as Disability Confident Committed and taking the necessary steps to become a Disability Confident Employer, playing an active role in changing attitudes for the better.

Under the Disability Confident scheme, this Council will further commit to carry on learning and strengthening the networks it will need to continue to improve its offer to existing and future disabled employees.”

Council debated the motion.

Upon a vote, the motion was carried.

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

There was none.

Appendices:  
Cabinet report plus  
11 appendices



**NORTHAMPTON**  
BOROUGH COUNCIL

# COUNCIL

## 25 February 2019

Agenda Status: Public

Directorate: Management Board

<b>Report Title</b>	<b>General Fund Revenue Budget and Capital Programme 2019/20 and Medium Term Financial Plan 2019/20 – 2022/23</b>
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### 1. Purpose

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- 1.1 To report the outcome of the consultation process on the 2019/20 general fund revenue and capital budget and the Government funding settlement for 2019/20.
- 1.2 To agree the Cabinet's recommendations for the 2019/20 general fund budgets, 2019/20 tax base and council tax level and the indicative levels for 2020/21 to 2022/23.
- 1.3 To outline the general fund capital programme and funding proposals for 2019/20 and future years.

### 2. Recommendations

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- 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 9, 10 and 11**).
- 2.2 That a general fund revenue budget for 2019/20 of £27.495m (excluding parishes) be approved (detailed in **appendices 1 and 2**).
- 2.3 That Council approve the tax base for 2019/20 at 68,418.55 band D equivalent properties and associated parish tax bases as set out at section 3.1.3 and as recommended to Council for approval at the Cabinet meeting of 12 December 2018.
- 2.4 That the Council increases the council tax for its own purposes (excluding County, Police, Fire and Parish Precepts) by £6.56 (2.99%) per year per average band D property for 2019/20.

- 2.5 That the Council approve the general fund capital budget and outline programme and proposed financing for 2019/20, including the inclusion of schemes in the development pool, as set out in **appendix 4**.
- 2.6 That Council confirms the aim of maintaining a minimum level of general fund reserves of £4.0m for 2019/20, having regard to the outcome of the financial risk assessment, and also note the position on earmarked reserves (**appendix 7**).
- 2.7 That authority be delegated to the Chief Finance Officer in consultation with the Cabinet Member for Finance, and where appropriate the relevant Head of Service and Cabinet Member to:
- Transfer monies to/from earmarked reserves as appropriate during the financial year; and
  - Update prudential indicators in both the prudential indicators report and treasury strategy report to Council, for any budget changes that impact on these.
- 2.8 That the draft fees and charges set out in **appendix 8** be approved, including immediate implementation where appropriate.
- 2.9 That Council approve the treasury management strategy (and associated appendices) for 2019/20 at **appendix 5** of this report.
- 2.10 That authority be delegated to the Council's Chief Finance Officer, in liaison with the Cabinet Member for Finance, to make any temporary changes needed to the Council's borrowing and investment strategy to enable the authority to meet its obligations.
- 2.11 That Council delegate authority to the Chief Executive, Heads of Service and Chief Finance Officer to implement all budget options and restructures.

### **3. Issues and choices**

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#### **3.1 Report background**

- 3.1.1 In the event that there are changes made in accordance with the delegated authority to the Chief Finance Officer following Cabinet's meeting on 20 February 2019, updated appendices to the cabinet report will be tabled reflecting these changes.
- 3.1.2 See also Cabinet report attached.
- 3.1.3 At the Cabinet meeting of 12 December 2018 it was recommended that Council approve the tax base for 2019/20 of 68,418.55 Band D properties and associated parish tax bases as set out below. "Band D" is used as a denominator value and changes to discounts, exemptions and collection rates will impact on the calculated tax base, in addition to any gains or losses in the number of physical properties.

	2018/19	2019/20	Change
Billing	2,761.23	2,804.54	43.31
Collingtree	522,771.3	528.47	5.70
Duston	5,521.83	5,562.62	40.79
Great Houghton	290,302.9	294.81	4.50
Hardingstone	804,990.4	816.31	11.32
Upton	3,015.72	2,723.61	-292.11
Wootton, Wootton Fields & Simpson Manor	2,958.24	2,980.14	21.90
East Hunsbury	3,462.75	3,510.44	47.69
West Hunsbury	1,650.38	1,661.73	11.35
Hunsbury Meadow	505,451.6	888.34	382.89
Northampton (Unparished)	45,380.28	46,647.54	1,267.26
Total tax base	66,873.95	68,418.55	1,544.60

#### **4. Implications (including financial implications)**

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##### **4.1 Policy**

4.1.1 See Cabinet report attached.

##### **4.2 Resources and risk**

4.2.1 See Cabinet report attached.

##### **4.3 Legal**

4.3.1 See Cabinet report attached.

##### **4.4 Equality**

4.4.1 See Cabinet report attached.

##### **4.5 Other implications**

4.5.1 See Cabinet report attached.

#### **5. Background papers**

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5.1 See Cabinet report attached.

**Stuart McGregor,  
Chief Finance Officer (Section 151 Officer)**

**George Candler,  
Chief Executive**



**NORTHAMPTON**  
BOROUGH COUNCIL

## CABINET REPORT

<b>Report Title</b>	<b>General Fund Revenue Budget and Capital Programme 2019/20 and Medium Term Financial Plan 2019/20 – 2022/23</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	20 February 2019
<b>Key Decision:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	Management Board
<b>Accountable Cabinet Member:</b>	Cllr B Eldred
<b>Ward(s)</b>	NA

### 1. Purpose

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- 1.1 To report the outcome of the consultation process on the 2019/20 general fund revenue and capital budget and the Government funding settlement for 2019/20.
- 1.2 To agree Cabinet's proposals for recommendation to Council on 25 February 2019 for the 2019/20 general fund budgets and council tax level and the indicative levels for 2020/21 to 2022/23.
- 1.3 To outline the general fund capital programme and funding proposals for 2019/20 and future years.

### 2. Recommendations

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- 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 9, 10 and 11)**.

- 2.2 That the changes to the proposed budget (detailed at paragraph 3.2.10), in light of technical adjustments and the Local Government Funding Settlement, be agreed.
- 2.3 That a general fund revenue budget for 2019/20 of £27.495m (excluding parishes) be recommended to Council for its own purposes (detailed in paragraph 3.2.8 and **appendices 1 and 2**).
- 2.4 That the Council be recommended to increase the council tax for its own purposes (excluding county, police, fire and parish precepts) by £6.56 (2.99%) per year per band D property for 2019/20.
- 2.5 That the Cabinet recommend to Council that they approve the general fund capital programme and proposed financing for 2019/20, including the inclusion of schemes in the development pool, as set out in **appendix 4**.
- 2.6 That Council be recommended to confirm a minimum level of general fund reserves of £4.0m for 2019/20, having regard to the outcome of the financial risk assessment, and also note the position on earmarked reserves (**appendix 7**).
- 2.7 That authority be delegated to the Chief Finance Officer in consultation with the Cabinet Member for Finance, and where appropriate the relevant Head of Service and Cabinet Member to:
- Transfer monies to/from earmarked reserves should that become necessary during the financial year.
  - Update prudential indicators in both the prudential indicators report and treasury strategy report to Council, for any budget changes that impact on these.
- 2.8 That the draft fees and charges set out in **appendix 8** be approved, including immediate implementation where appropriate.
- 2.9 That Cabinet recommend to Council that they approve the treasury management strategy (and associated appendices) for 2019/20 at **appendix 5** of this report.
- 2.10 That authority be delegated to the Council's Chief Finance Officer, in liaison with the Cabinet Member for Finance, to make any temporary changes needed to the Council's borrowing and investment strategy to enable the authority to meet its obligations.
- 2.11 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 2019, including changes to the finance settlement and change relating to parish precepts and council tax levels associated with those changes.



### 3. Issues and choices

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#### 3.1 Report background

- 3.1.1 The Council is required to set a balanced budget and its council tax for 2019/20 in February 2019. The proposals in this report have been developed by officers in consultation with Cabinet Members and Corporate Management Board.
- 3.1.2 Cabinet agreed a draft budget in December and the proposals within this have been subject to a period of public consultation and reviewed by both Audit Committee and Overview and Scrutiny Panel. The outcomes of these consultations are set out in **appendices 9, 10 and 11**.
- 3.1.3 The Cabinet report in December set out the national and local economic context and background to the sources of funding that underpin the budget and medium term plan.

#### 3.2 Issues

##### Local Government Finance Settlement

- 3.2.1 The final Local Government Finance Settlement was published on 29 January 2019. There were no significant changes from the draft budget taken to Cabinet in December. The table below shows the figures and how they compare to those included in the draft budget for 2019/20.

	<b>Draft Budget – Dec 2018 £k</b>	<b>Final Settlement – Feb 2019 £k</b>	<b>Change £k</b>
Business Rates Baseline	8,380	8,383	3
New Homes Bonus	2,800	2,595	(205)
<b>Total</b>	<b>11,180</b>	<b>10,978</b>	<b>(202)</b>

- 3.2.2 New Homes Bonus for 2019/20 is lower than forecast in the draft budget due to lower than expected property growth being reflected in the allocation. This is in part due to delays in the valuation office allocating new properties to bands. This will be corrected in future years as and when this unrecognised growth feeds into the tax base growth figures.
- 3.2.3 The methodology for calculating central government funding includes an assumption that council tax is increased up to the referendum limit of 2.99% in 2019/20. The budget proposals therefore include a proposed increase in the Band D council tax of 2.99% from April 2019 onwards.

## **Medium Term Financial Plan (MTFP)**

- 3.2.4 The MTFP provides a forecast of the Council's expenditure and income over the next four years. This is set in the context of the proposed local government reorganisation and creation of a new unitary authority. Whilst this means that Northampton Borough Council will cease to exist in its current form beyond 2019/20 (subject to the announcement from the Ministry of Housing, Communities and Local Government), the budget set for that year must be sustainable. Therefore, forecasts are prepared for three financial years beyond 2019/20 on a no-change basis. The forecasts, detailed in appendix 1, include efficiency and other savings as well as growth requirements.
- 3.2.5 Savings proposals of £1.134m and growth proposals of £0.970m for 2019/20 are set out in appendix 2. Implementation of the proposed savings listed in appendix 2 will enable the Council to set a balanced budget for 2019/20.
- 3.2.6 Included within the 2019/20 budget is a planned reduction in the bulky waste charge for a three month trial period to monitor the effect on recycling rates.
- 3.2.7 The MTFP shows a forecast further savings requirement of £0.8m in 2020/21 rising to £2.1m in 2022/23. The exact figure is subject to any changes to government funding and other forecast changes to budgets. These further savings can be achieved through the strands set out in the approved medium term financial strategy:
- Growth – realising the benefits of growth through the generation of additional business rate income, council tax and New Homes Bonus.
  - Partnerships – working with other local authorities, private sector and community partners to deliver high quality and cost effective front-line and support services.
  - Use of IT/digital channels – to reduce transaction costs and increase staff productivity through the use of technology.
  - Maximise income generation – ensure that income is maximised by setting charges at an appropriate level, as well as increasing demand through effective marketing.
  - Review service and staffing structures – to ensure that these are fit for purpose and are appropriate to the Council's changing needs and priorities.
  - Investment/commercial opportunities – realising opportunities to undertake appropriate investments that will generate a commercial return.
  - Realise opportunities from new environmental services contract – the new contract will provide significantly improved quality and provide opportunities to reduce the costs involved in rectifying shortfalls in current service provision.

## General fund revenue budget 2019/20

3.2.8 The proposed net budget for 2019/20 is shown in appendix 1 and summarised in the table below. A balanced budget has been achieved through the Council's prudent financial management and continued commitment to delivering efficiency savings.

<b>Description</b>	<b>2019/20 £000s</b>
Service Base Budget	29,702
Proposed Growth	970
Proposed Savings	(1,134)
Corporate Budgets	(1,005)
Contribution from Reserves	133
<b>Net Budget</b>	<b>28,665</b>
Business Rates*	(8,883)
New Homes Bonus	(2,595)
Council Tax	(16,622)
Collection Fund Surplus	(565)
<b>Total Funding</b>	<b>(28,665)</b>
<b>Savings to be identified</b>	<b>0</b>

\*includes baseline shown at para 3.2.1 plus growth of £500k

3.2.9 The "Service Base Budget" figure in the table above contains unavoidable growth in costs. Unavoidable growth such as contract inflationary pressures and increases in core demand, are always included in the service base budget. The savings and growth section reflects those items where there is discretion for the administration to increase or decrease the service or funding to provide for a balanced budget. There is one unusually large item of unavoidable growth in the service base budget in 2019/20. As a result of growth in cost pressure from 2017/18 and 2018/19 in respect of the homelessness service and temporary accommodation, an additional £1m has been included in the relevant service base budget for 2019-20 onward.

3.2.10 Further work has been undertaken since December to refine the budget. This includes the impact of the Local Government Finance Settlement and technical adjustments to the continuation budget and corporate budgets. The changes are summarised in the table below:

<b>Summary of changes since Cabinet December 2018</b>	<b>Budget 2019/20 (£)</b>
Minor changes to service budgets	48,370
Removal of ES contract review saving	75,000
Additional service saving	(50,000)
Increase vacancy factor to 2%	(135,000)
Housing team restructure growth reduction	(50,000)
Technical changes to corporate budgets	(34,990)
Updated parish precept figures	59,865
<b>Total changes to net budget</b>	<b>(86,755)</b>
<b>Changes to funding</b>	
New Homes Bonus – lower allocation	205,297
Business rates provisional settlement figure	(3,376)
Updated parish precept figures	(59,865)
Collection fund surplus	(55,301)
<b>Total changes to funding</b>	<b>86,755</b>

## Council tax

3.2.11 As part of the Local Government Finance Settlement, the Secretary of State has set a referendum trigger for 2019/20 of a 3% increase in the band D council tax, which will apply for all lower-tier (district and borough) councils.

3.2.12 The draft budget for 2019/20 proposed an increase in council tax at this referendum trigger level. This will be an increase of £6.56 per year, or 13p per week, for an average band D property.

3.2.13 The band D council tax (excluding parishes) for the last 5 years is shown in the table below. Note that due to the fire functions of Northamptonshire County Council being transferred to the Northamptonshire Commissioner Fire & Rescue Authority from 1 January 2019, a notional amount of £59.00 was split out from the County Council amount for 2018/19 and allocated to the new Fire Authority.

<b>Preceptor</b>	<b>2015/16 £</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>2018/19 Actual £</b>	<b>2018/19 Notional £</b>	<b>2019/20 £</b>
Northampton Borough Council	207.91	207.91	212.91	219.28	n/a	225.84
Northamptonshire County Council (NCC)	1,069.02	1,089.87	1,111.87	1,146.63	1,087.63	TBC
NCC Adult Social Care Precept	0.00	21.38	54.72	89.72	89.72	TBC
Northamptonshire Fire & Rescue Authority	n/a	n/a	n/a	0	59.00	TBC
Northamptonshire Police & Crime Commissioner	200.96	204.96	209.04	221.04	n/a	TBC
<b>Total</b>	<b>1,477.89</b>	<b>1,524.12</b>	<b>1,588.54</b>	<b>1,676.67</b>	<b>1,676.67</b>	<b>TBC</b>

### **Special expenses**

3.2.14 The Council charges special expenses to its residents as part of its council tax charge. Special expenses relate to expenditure deemed solely to apply to a part of the borough where precepting authorities in other parts of the borough have chosen to precept and supply the same service separately. These are known as concurrent services.

3.2.15 Northampton Borough Council charges special expenses for the maintenance of its smaller parks and open spaces as this service is also carried out by parish councils in some areas. Because these smaller parks and open spaces are not evenly distributed across the borough, the special expense charge (unlike the main council tax element) differs across the parishes of the borough.

3.2.16 The basic mechanism is to deduct the relevant expenditure from the total council tax applying to the total tax base, and then re-apply that expenditure over the parishes affected. This means that residents in different parts of the borough will pay different amounts according to the distribution of parks and open spaces across the borough.

3.2.17 As a general rule, special expenses seek to reflect the cost of the services that relate to specific areas.

3.2.18 See appendix 6 for further details and explanation.

### **Capital strategy**

3.2.19 The draft capital strategy is attached as appendix 3. 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 capital programme is designed to support the delivery of the Council's priorities as set out in the

Corporate Plan. It takes into account proposed changes to CIPFA’s prudential code and latest minimum revenue provision guidance from central government.

3.2.20 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.

**General fund capital programme 2019/20 to 2022/23**

3.2.21 The draft general fund capital programme and funding for the next four years is detailed in **appendix 4** and summarised in the table below. The value of the proposed programme for 2019/20 is just over £52.5m. Proposed new schemes include support for the north west relief road, new office developments/town centre regeneration schemes, street light repairs and temporary accommodation for homeless people

3.2.22 The proposed capital programme would require funding from a variety of sources. The revenue impact of borrowing is reflected in the debt financing budget and the treasury management strategy and prudential indicators.

3.2.23 Further significant schemes supporting the achievement of the medium term financial strategy may be brought into the capital programme over the next 12 months, supported by robust capital appraisals and business cases.

Description	Budget 2019/20
	£000s
Schemes in the current capital programme	7,800
Scheme where approval has recently been given	7,667
Schemes in the current development pool awaiting formal approval	1,525
New proposals	35,525
<b>Total general fund capital programme</b>	<b>52,516</b>
Funding source:	
Self funded schemes	23,327
Borrowing	6,999
Capital receipts	5,549
ESIF and LGF funding for Vulcan Works	7,140
s106 funding for North West Relief Road and Upton Country Park	5,700
Other grants and contributions	3,801
<b>Total Funding</b>	<b>52,516</b>

## Earmarked reserves and general fund balances

3.2.24 Earmarked reserves are held to mitigate against specific risks and future spending pressures. They are reviewed on an ongoing basis, but specifically as part of the budget process and again at the closure of accounts. Contributions to and from reserves will be adjusted for future years as the forecasts of government funding are updated.

3.2.25 General fund reserves as at 1 April 2018 stood at a total of £30.1m. A breakdown is shown in the table below:

	<b>Balance 1<sup>st</sup> April 2018</b>	<b>Purpose</b>
Service specific earmarked reserves	£1.8m	To cover specific known spending commitments
Corporate earmarked reserves	£18.5m	Held to mitigate against corporate risks and to fund future budget pressures
Technical reserves	£4.3m	To deal with technical accounting differences across financial years
Minimum level of general reserves	£5.5m	To cover general unquantified risks
<b>Total General Fund Reserves</b>	<b>£30.1m</b>	

3.2.26 The forecast balances on earmarked reserves are set out in **appendix 7**.

3.2.27 As part of the budget process the Council determines a prudent minimum level of general fund balances to hold against general risks. This minimum level is designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year. It is informed by a risk assessment, which currently suggests that £4.0m would be a prudent level of general reserves. This is £1.5m less than the actual level of general reserves held as at March 2018, but this is due to the creation of a specific earmarked reserve to cover the risk associated with the recovery of the Sixfields loan, therefore this risk no longer needs to be covered in the general reserve.

## Robustness of estimates and adequacy of reserves

3.2.28 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. This is subject to a separate report to this Cabinet meeting.

## Fees and charges

3.2.29 The draft schedule of fees and charges for 2019/20 is attached at **appendix 8**. The Cabinet is recommended to agree 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.

## **Treasury management strategy**

3.2.30 The treasury management strategy 2019/20 at **appendix 5** sets out the Council's policy for its debt and investment portfolios over the next financial year. It is reviewed annually and reported to Cabinet and Council as part of the budget setting process. The purpose of the 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. The resources required to deliver the Council's treasury management strategy and policies over the next five years are incorporated into the Council's HRA and general fund revenue budgets.

3.2.31 The treasury management strategy covers the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance. The strategy for 2019/20 covers two main areas:

- Capital
  - the capital expenditure plans and the associated prudential indicators;
  - the minimum revenue provision (MRP) policy.
- Treasury management
  - the current treasury position;
  - treasury indicators which limit the treasury risk and activities of the Council;
  - prospects for interest rates;
  - the borrowing strategy;
  - policy on borrowing in advance of need;
  - debt rescheduling;
  - the investment strategy;
  - creditworthiness policy; and

## **Next steps**

3.2.32 The Council meeting on 25 February 2019 will consider the recommendations of this Cabinet in relation to the expenditure and tax proposals that relate to the Council's own spending.

3.2.33 In addition to the Council's own council tax, there are separate council taxes for the county, police authority, fire authority and the parishes. Not all of these precepting bodies have set their council taxes at the date of the Cabinet report being written, with the result that these will be reported to the Cabinet if known by that date and at Council on 25 February 2019 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 Executive and the Chief Finance Officer. It would then recommend the amended budget and council tax (if applicable) to Council.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 The revenue and capital budgets are set in support of the Council's priorities and within the context of the medium term financial strategy and capital strategy.

### **4.2 Resources and risk**

- 4.2.1 The resource implications are detailed throughout the report and appendices.
- 4.2.2 The robustness of the estimates and adequacy of the Council's reserves are subject to a separate report.
- 4.2.3 A report on risks and the 2019/20 budget was also considered by the Audit Committee at its meeting on 28 January 2019.

### **4.3 Legal**

- 4.3.1 The Council must set a balanced budget for the next financial year by midnight on 11 March 2019 (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. 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.

### **4.4 Equality and health**

- 4.4.1 The Public Sector Equality Duty (PSED) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out its activities. Failure to comply with this duty would be challengeable in the courts.
- 4.4.2 Equality and diversity were considered as part of each of the medium term planning options submitted. Equality impact assessments are 'living' documents and will be updated to take into account relevant feedback from the consultation process. Where these documents identify mitigating action, this will be undertaken in implementing the relevant option should it be taken forward and approved in February 2019.

### **4.5 Consultation**

- 4.5.1 Public consultation commenced with residents, businesses and interested stakeholders from the 21 December 2018. An online consultation was published, which closed on the 1<sup>st</sup> February 2019. In addition a public meeting was held on 5<sup>th</sup> February 2019 to hear feedback on the draft budget. The

consultation period will formally close on the date the budget is approved in February 2019.

- 4.5.2 People were asked if they agreed with a small increase in council tax. Views were also sought in relation to the budget options proposed and respondents were also invited to suggest any other ideas that would achieve savings or generate income.
- 4.5.3 A total of 21 people completed online questionnaires. Around 62% of respondents agreed that the proposed council tax increase is about right. There were a large range of suggestions as to where the Council could spend more to improve services, most notably in relation to improving cleanliness in the town. Full details, including comments on proposals and alternative suggestions are available in **appendix 9**.
- 4.5.4 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 4 February 2019. The views of the Overview and Scrutiny Committees are reported in **appendix 10**.
- 4.5.5 Audit Committee reviewed the budget proposals from a risk perspective on 28 January 2019. The key risks identified are reported at **appendix 11**.

#### **4.6 How the proposals deliver priority outcomes**

- 4.6.1 All of the discretionary investment proposals in the proposed budget reflect and/or are aligned to the corporate priorities as set out in the corporate plan.

#### **4.7 Other implications**

- 4.7.1 None not already covered above.

### **5. Background papers**

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5.1 None

5.2 Appendices

1. Proposed General Fund Revenue Summary 2019/20 to 2022/23
2. General Fund MTP Savings & Growth Options
3. Capital Strategy 2019/20
4. Proposed General Fund Capital Programme and Financing 2019/20 to 2022/23
5. Treasury Management Strategy 2019/20
6. Special Expenses
7. Schedule of Earmarked Reserves
8. Draft Fees and Charges 2019/20
9. Consultation Responses – Public Consultation
10. Consultation Responses – Overview and Scrutiny Committee
11. Consultation Responses – Audit Committee

**George Candler, Chief Executive**  
**Stuart McGregor, Chief Finance Officer**

**Appendix 1**

**General Fund Draft Budget Summary 2019 - 2023**

Description	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
	£	£	£	£
<b>Service Base Budget</b>	<b>29,701,885</b>	<b>31,304,500</b>	<b>31,587,095</b>	<b>32,315,568</b>
Total Savings	(1,133,994)	(1,833,994)	(1,833,994)	(1,833,994)
Total Growth	970,408	1,020,408	1,020,408	1,020,408
<b>Total MTP Options</b>	<b>(163,586)</b>	<b>(813,586)</b>	<b>(813,586)</b>	<b>(813,586)</b>
<b>Gross Revenue Budget</b>	<b>29,538,299</b>	<b>30,490,914</b>	<b>30,773,509</b>	<b>31,501,982</b>
<b>Corporate Budgets</b>				
Debt Financing	2,032,529	2,261,444	2,597,072	2,617,132
Recharges from General Fund to HRA	(2,550,000)	(2,600,000)	(2,650,000)	(2,700,000)
Parish Grants	(18,630)	(18,634)	(18,634)	(18,634)
Parish Precepts	1,170,692	1,170,692	1,170,692	1,170,692
Other Corporate Budgets	(1,640,000)	(474,000)	(538,000)	(573,000)
Contribution to/(from) Earmarked Reserves	132,592	(1,408,408)	(617,408)	(614,000)
<b>Total Corporate Budgets</b>	<b>(872,817)</b>	<b>(1,068,906)</b>	<b>(56,278)</b>	<b>(117,810)</b>
<b>Net Budget</b>	<b>28,665,482</b>	<b>29,422,008</b>	<b>30,717,231</b>	<b>31,384,172</b>
<b>Funding</b>				
Revenue Support Grant	0	0	0	0
Business Rates Baseline	(6,722,168)	(6,720,000)	(6,720,000)	(6,720,000)
Other Business Rates elements	(2,161,208)	(2,160,000)	(2,160,000)	(2,160,000)
New Homes Bonus	(2,594,703)	(2,400,000)	(2,000,000)	(1,700,000)
<b>Total Government Funding</b>	<b>(11,478,079)</b>	<b>(11,280,000)</b>	<b>(10,880,000)</b>	<b>(10,580,000)</b>
<b>Council Tax</b>				
Band D Council Tax	225.84	232.59	239.54	246.71
Tax Base	68,419	69,395	70,284	71,091
NBC Council Tax	(15,451,410)	(16,140,504)	(16,835,978)	(17,538,595)
Parish-related Council Tax	(1,170,692)	(1,170,692)	(1,170,692)	(1,170,692)
<b>Total Council Tax</b>	<b>(16,622,102)</b>	<b>(17,311,196)</b>	<b>(18,006,670)</b>	<b>(18,709,287)</b>
Surplus on Collection Fund	(565,301)	0	0	0
<b>Total Funding</b>	<b>(28,665,482)</b>	<b>(28,591,196)</b>	<b>(28,886,670)</b>	<b>(29,289,287)</b>
<b>Budget Gap</b>	<b>(0)</b>	<b>830,812</b>	<b>1,830,561</b>	<b>2,094,886</b>

## Appendix 2

### Draft General Fund Budget Savings and Growth Proposals

Savings Proposals	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Business Incentive Scheme	-50,000	-50,000	-50,000	-50,000
Facilities Management Efficiencies	-68,994	-68,994	-68,994	-68,994
Car Parking Scheme Review	-625,000	-625,000	-625,000	-625,000
ICT Managed Budget Savings	-50,000	-50,000	-50,000	-50,000
Reduced Training Budget	-10,000	-10,000	-10,000	-10,000
2% Vacancy Factor	-270,000	-270,000	-270,000	-270,000
Corporate Services Saving	-10,000	-10,000	-10,000	-10,000
Service savings	-50,000	0	0	0
Environmental Services Contract Review	0	-750,000	-750,000	-750,000
<b>Total Savings</b>	<b>-1,133,994</b>	<b>-1,833,994</b>	<b>-1,833,994</b>	<b>-1,833,994</b>

Growth Proposals	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Continuation of Northampton's Nightshelter	135,000	135,000	135,000	135,000
Restructure of Housing Options & Advice Team	533,000	583,000	583,000	583,000
Restructure of Economic Growth Team	172,408	172,408	172,408	172,408
Digital Officer to support the move to paperless	30,000	30,000	30,000	30,000
Reduction in shop income	100,000	100,000	100,000	100,000
<b>Total Growth</b>	<b>970,408</b>	<b>1,020,408</b>	<b>1,020,408</b>	<b>1,020,408</b>

**Northampton Borough Council**

**Draft Capital Strategy 2019 to 2023**

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**INTRODUCTION AND CONTEXT**

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 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 Capital Programme is designed to support the delivery of the Council's priorities as set out in the Corporate Plan. It takes into account proposed changes to CIPFA's prudential code and latest Minimum Revenue Provision guidance from central government.

The high level strategic objectives of the capital strategy are included in the approved Efficiency and Medium Term Financial Strategy in order to reinforce the links and overlaps between capital and revenue, and the need to have a mind to both in decision making.

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.

**OVERARCHING 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 service-specific and other NBC plans and strategies
- Is affordable, financially prudent and sustainable, and contributes to achieving value for money

In prioritising the Capital Programme, particular emphasis will be given to schemes that:

- Achieve the Council's priorities
- Improve the town and its environment and facilities
- Improve performance against national and local targets
- Improve efficiency and effectiveness in service delivery, including through partnership working
- Generate or increase income streams
- Promote effective Asset Management, including DDA and Health & Safety issues

### **CAPITAL FUNDING STRATEGY**

Under the Council's capital funding strategy, funding streams are allocated in the following order. Cabinet may make changes to the funding strategy where necessary to deliver capital schemes that are key to delivering the Council's agreed priorities:

#### Hypothecated funding

Funding linked directly to a specific scheme, such as grants, third party contributions (including Section 106 contributions) and revenue contributions, is allocated 100% to the relevant scheme. Schemes funded by external grants and contributions will not commence until such funding is definitely secured. The conditions attached to grants and contributions 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. Government grants tend to be focused towards central government priorities.

#### Self-funded borrowing

Where the capital investment itself will produce revenue savings or additional income, which is sufficient to cover the cost of borrowing to fund the investment. This could include development of, or improvements to, the Council's own assets where the Council's borrowing costs are offset by income from leasing the assets to a partner provider such as the Northampton Partnership Homes (NPH).

#### Business Rates Uplift

Capital improvements within the Enterprise Zone may be funded by borrowing which will eventually be repaid through the increase in business rate income flowing from new or expanded businesses. The borrowing is undertaken via the South East

Midlands Local Enterprise Partnership (SEMLEP) through the Growing Places Fund or Local Infrastructure Fund. This is to manage the timing difference between the investment in the Enterprise Zone and the consequent increase in business rates.

Where necessary any gap will be managed by NBC undertaking borrowing from the Public Works Loan Board (PWLB).

### Revenue and Capital Reserves

The Council has, as part of its overall financial strategy, set aside reserves in order to provide additional capital funding. These include the Strategic Investment Reserve, used to fund the purchase of properties that may in the future provide a good return on investment. The Delivering the Efficiency Plan Reserve was created in October 2016 to support any project that delivers efficiency savings and/or additional income over the medium term. This may include funding of capital expenditure where this supports these aims.

### 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.

### Capital Receipts

Capital receipts are derived from asset sales. These could include income to the Council as lessor from finance leases.

General Fund (GF) asset sales come from a variety of sources. Generally speaking, 100% of GF asset sales (after any 'clawback', for example from the Homes and Communities Agency) 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.

The Council generated a substantial capital receipt in 2014/15 from the sale of the Sekhemka statue. This will be used exclusively to fund the redevelopment of the Central Museum.

General Fund capital receipts are not allocated or committed prior to receipt or certainty that they will be received, unless inextricably linked to a specific project. General fund capital receipts received during the year will be 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.

### Prudential Borrowing

Prudential Borrowing will be used to fund capital investment if the cost of the borrowing is affordable within the overall General Fund revenue projections. This will be the funding source of last resort as it does result in ongoing revenue costs, i.e. MRP and interest.

Under the Local Government Act 2003 councils operate within the rules contained in the 'Prudential Code'. These allow local authorities to set their own limits with regard to borrowing undertaken to support capital expenditure. Borrowing may 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 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. The cost of this “self-funded” borrowing should be borne by the service that uses the asset.

Where there is no additional income or cost saving, i.e. the capital scheme is to meet corporate priorities and support the growth and improvement of the Borough, then the cost of borrowing will be recognised as a cost to the General Fund.

In some circumstances the Council will provide loans to other organisations, such as to the University of Northampton to part-fund the new campus development. This is treated as capital expenditure and funded through borrowing.

### **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).

The Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008, which came into force in February 2008, 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 is set out in the annual Treasury Strategy, which is agreed by Council during Feb/March each year.

### **In Year Changes**

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 only call on capital receipts 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 Capital Programme Board and, if required, Cabinet.

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 Finance 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.



## **HRA Capital Funding**

The balance of funding of capital investment in the Council's housing stock and associated assets is determined through the HRA business plan. This provides a 30-year forecast of the management, maintenance and capital investment needs and resources available.

- Usable capital receipts from the sale of council housing stock under right to buy, as well as sale of other HRA assets, are directed at the HRA capital programme in order to meet and maintain the Northampton Standard.
- 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.
- Revenue – under the self-financing regime the HRA is forecast to have an amount of revenue available each year to part-fund the capital programme.
- Borrowing – there is some limited scope for prudential borrowing within the HRA, although this is subject to a cap as determined by central government.

## **Revenue Implications of Capital Projects**

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

Through the Asset Management Plan an appropriate balance of funding is determined between capital investment and repairs and maintenance. This is kept under regular review.

## **PROGRAMME BUILD**

The Council agrees its capital programme on an annual basis in February 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 and forecasts for the subsequent 4 years
- Development Pool – includes schemes for which costs require refinement and/or a business case is required. These schemes will be moved into the approved programme once this additional work is satisfactorily completed.

Within the available funding envelope, projects are prioritised for inclusion in the capital programme based on the extent to which they contribute to the achievement of corporate priorities. Bids for inclusion are supported by capital appraisals – these must demonstrate that the project provides an effective and value for money solution, and that all possible sources of external funding have been sought.

In addition to specific capital schemes the programme includes a number of “Block Programmes”. Specific projects within these blocks are agreed during the year by Capital Programme Board following the receipt of capital appraisals.

A draft capital programme is prepared for Cabinet in December and is then subject to public consultation alongside revenue budgets. Final decisions are made by Full Council in February.

## **GOVERNANCE ARRANGEMENTS**

### **In Year Appraisals and Variations**

All new in-year capital schemes must be supported by a capital appraisal and any changes to existing schemes will require completion of a variation form. 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.

Project Managers must consult the nominated contact in LGSS Finance to ensure forms are completed correctly and expenditure meets the definition of capital. The LGSS tax team will also need to check that any VAT or other tax implications are properly taken into account.

### **Delegation Levels for Appraisals and Variations**

#### Fully Funded Schemes

Capital schemes of any value can be approved by the Chief Finance Officer (CFO) if they are **fully** funded by section 106, external grants or other contributions, or **fully** funded by additional income or revenue savings. This delegated approval is subject to consultation with Cabinet Members if more than £100k.

#### Other Schemes

These limits apply to General schemes. Changes to the HRA capital programme can be agreed in line with the NPH partnership agreement.

Below £100k – Approval by CFO

£100k to £250k – Approval by CFO, after consultation with the Cabinet Member for Finance and relevant Cabinet Member(s)

Over £250k – Approval by Cabinet Required

All changes to the capital programme approved under delegation will be reported to Cabinet via the Finance Monitoring report.

In signing the appraisal form the relevant Director is confirming that the Cabinet Member (Portfolio holder) has been consulted.

## **Role of the Capital Programme Board (CPB)**

Appraisals and Variations will require approval by the Capital Programme Board before final approval by Cabinet (or the CFO if under delegation). The project manager and/or Head of Service will be invited to attend CPB if required to explain the scheme.

The CPB will meet monthly, therefore project managers need to ensure that appraisals and variations are produced in a timely manner.

## **Block Programmes**

The Capital Programme includes block programmes for Improvements to Regeneration areas, Parks/Allotments, Operational Buildings and Commercial Landlord responsibilities.

CPB will approve individual schemes within these blocks following the submission of a capital appraisal by the relevant project manager.

## **Urgent Approvals**

Due to their long-term nature, capital investment decisions should be carefully considered. LGSS Finance should be consulted as soon as a scheme is under consideration and a capital appraisal form completed. In the vast majority of cases this will allow CPB to consider and approve the scheme within its monthly cycle.

In the rare circumstance where urgent approval is required, this can be secured via e-mail from the Chair of CPB. The capital appraisal form will still require signatures including the CFO. If the scheme is more than £250k then Cabinet approval will still be required unless an absolute emergency.

## **MONITORING THE CAPITAL PROGRAMME**

### **Project management & monitoring**

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. Changes must be input into Agresso Planner on a monthly basis, along with clear explanations for any variation.

- Any proposed carry forward from current to future years is identified and added to Agresso Planner.
- 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 is developing, The Finance Team request information on completed projects as part of their ongoing monitoring role.

### **Directorate Management Teams**

Each Service Management Team is responsible for ensuring they receive & review reports on the capital expenditure position for their services and that any appropriate corrective action needed to address any monitoring issues is agreed and implemented.

### **LGSS Finance**

Nominated Finance Business Partners within the Finance Team are responsible for providing support and advice to assist project managers in managing and monitoring their capital budgets. The team also has a key role in consolidating and co-ordinating the monitoring information that is required for reporting purposes. This involves reporting to Service Management Teams, Capital Programme Board, Management Board and Cabinet. The nominated senior lead in the LGSS Finance team is responsible for ensuring that the agreed programme is fully and appropriately financed at all times.

### **Capital Programme Monitoring**

The capital programme position is reported to Capital Programme Board and Management Board on a monthly basis throughout the year, commencing from period 2 (end of May). Regular reporting to Cabinet forms part of the overall Finance Monitoring report and covers the latest programme and any amendments to be notified or approved, expenditure to date, and the forecast outturn. It also outlines the financing position and any steps needed to deal with potential financing difficulties.

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

### **RISK MANAGEMENT**

Any significant risks associated with specific projects are identified in the capital appraisal form. General risks in relation to the overall capital programme are managed through the Capital Programme Board:

<b>Risk</b>	<b>Mitigation</b>
Project Overspend	Project managers update financial forecasts on a monthly basis. Any forecast overspend must be dealt with immediately – identifying savings elsewhere within the

	programme or alternative sources of funding.
Project Slippage	Any forecast carry forwards are also identified on a monthly basis. The impact of these carry forwards on the associated funding is reflected in the overall monitoring reported to Capital Programme Board.
Capital receipts – delay or non-receipt	As part of the funding capital receipts are not allocated or committed prior to receipt or certainty that they will be received

## **ASSET MANAGEMENT**

### **Council Assets**

The Council owned Property, plant and equipment assets with a total net book value of £675m at March 2017. Council assets included around 11,650 Council dwellings, and 925 hectares of Parks and Open Spaces.

The Council also owns a large number of commercial properties and agricultural land used to generate income. These “investment properties” are kept under review to ensure that they continue to generate a good return – if not they will be considered for disposal. The Council will also seek opportunities to invest in additional property assets to generate a financial return and support the growth and regeneration of the Borough.

The Asset Management team will identify any property assets that are surplus, i.e. no longer required for the delivery of Council services, and make recommendations to Cabinet for disposal in order to generate capital receipts.

## Appendix 4

### Proposed General Fund Capital Programme 2019-20 to 2022-23

	Funding Source	2019-20	2020-21	2021-22	2022-23	Total
		£	£	£	£	£
<b>Schemes in the current Capital Programme</b>						
Capital Improvements - Regeneration Areas	C	50,000	50,000	50,000	50,000	200,000
Central Museum Development	C	5,226,875	-	-	-	5,226,875
Commercial Landlord Responsibilities	C	50,000	50,000	50,000	50,000	200,000
Disabled Facilities Grant	G	1,457,202	1,457,202	1,457,202	1,457,202	5,828,808
Environmental Services Vehicles	C	193,542	257,167	193,542	257,167	901,418
IT Infrastructure	S-F	150,000	150,000	150,000	150,000	600,000
Market Stall Covers	C	20,000	20,000	-	-	40,000
Operational Buildings - Enhancements	C	250,000	250,000	250,000	250,000	1,000,000
Parks/Allotments/Cemeteries Enhancements	C	250,000	250,000	250,000	250,000	1,000,000
Revenues and Benefits Capital Investments	C	152,135	14,925	14,925	14,925	196,910
		<b>7,799,754</b>	<b>2,499,294</b>	<b>2,415,669</b>	<b>2,479,294</b>	<b>15,194,011</b>
<b>Scheme where approval has recently been given</b>						
Vulcan Works	G, C, S-F	7,666,719	2,061,328	-	-	9,728,047
		<b>7,666,719</b>	<b>2,061,328</b>	-	-	<b>9,728,047</b>
<b>Schemes in the current Development Pool awaiting formal approval</b>						
Billing Brook Lakes	C	25,000	-	-	-	25,000
Car Parking Scheme	S-F	1,500,000	-	-	-	1,500,000
		<b>1,525,000</b>	-	-	-	<b>1,525,000</b>
<b>New schemes</b>						
78 Dergate	C	200,000	-	-	-	200,000
Abington Park Lake Footpath	C	250,000	-	-	-	250,000
Car Parking Machines	C	40,000	20,000	20,000	20,000	100,000
Drapery Improvements	S-F	150,000	-	-	-	150,000
Economic Regeneration Property Schemes	S-F	10,000,000	-	-	-	10,000,000
Horizon House	S-F	1,000,000	7,000,000	-	-	8,000,000
Mayorhold Car Park	C	500,000	-	-	-	500,000
Modifications to Guildhall Road Property	C	1,000,000	-	-	-	1,000,000
North West Relief Road	G	4,200,000	-	-	-	4,200,000
Office Development Build	S-F	5,000,000	10,000,000	-	-	15,000,000
Rectory Farm	C	250,000	-	-	-	250,000
St James Mill Area Improvements	G	600,000	-	-	-	600,000
Street Lighting	C	750,000	100,000	100,000	100,000	1,050,000
Temporary Accommodation/Housing	C/S-F	8,000,000	-	-	-	8,000,000
Town Centre Regeneration	S-F	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Unitary Transformation work	C	500,000	-	-	-	500,000
Upton Country Park	G	2,085,000	53,000	-	-	2,138,000
Vulcan Works	S-F	-	1,000,000	-	-	1,000,000
Vulcan Works Roof	C	-	500,000	-	-	500,000
		<b>35,525,000</b>	<b>19,673,000</b>	<b>1,120,000</b>	<b>1,120,000</b>	<b>57,438,000</b>
						-
<b>General Fund Capital Programme - Total 2</b>		<b>52,516,473</b>	<b>24,233,622</b>	<b>3,535,669</b>	<b>3,599,294</b>	<b>83,885,058</b>

#### Key to Funding Sources

G - Grants & Contributions

R - Revenue and Reserves

EZ - Enterprise Zone Business Rates

SF - Self-funded Borrowing

C - Corporate Resources - Capital Receipts or Borrowing

# Northampton Borough Council Treasury Management Strategy 2019-20

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### 1. Introduction

#### Background

- 1.1. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 1.2. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.4. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 1.5. CIPFA defines treasury management as:

“The management of the local authority's borrowing, 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.”
- 1.6. Revised reporting is required for 2019/20 due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is reported separately.





### Reporting Requirements

#### *Capital Strategy*

- 1.7. The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019-20, all local authorities to prepare an additional report, a capital strategy report, which will provide the following:
  - a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
  - an overview of how the associated risk is managed;
  - the implications for future financial sustainability;
- 1.8. The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 1.9. This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:
  - The corporate governance arrangements for these types of activities;
  - Any service objectives relating to the investments;
  - The expected income, costs and resulting contribution;
  - The debt related to the activity and the associated interest costs;
  - The payback period (MRP policy);
  - For non-loan type investments, the cost against the current market value;
  - The risks associated with each activity.
- 1.10. Where a physical asset is being bought, details of market research, advisors used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.
- 1.11. Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.
- 1.12. If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.
- 1.13. To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

### **Treasury Management Reporting**

1.14. The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals:

**a) Prudential and treasury indicators and treasury strategy (this report) -**

The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

**b) A mid-year treasury management report –** This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. If applicable. In addition, this Council will receive quarterly update reports.

**c) An annual treasury report –** This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **Treasury Management Strategy**

1.15. The strategy for 2019/20 covers two main areas:

**Capital;**

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

**Treasury Management;**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

1.16. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

### Training

- 1.17. The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management have access to training in treasury management. The Council's treasury advisory contract includes provision for annual delivery of member training. The training needs of treasury management officers are periodically reviewed.

### Treasury Advisors

- 1.18. The Council uses Link Asset Services (LAS) as its external treasury management advisors.
- 1.19. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisors.
- 1.20. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will 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.

### Non-treasury Investment Advise

- 1.21. The scope of investments within the Council's operations now includes both conventional treasury investments (the placing of residual cash from the Council's functions) and more commercial type investments, such as investment properties. Commercial type investments may require specialist advise, and therefore the Council will undertake appropriate due-diligence on a case-by-case basis.

## 2. Current Treasury Management position

- 2.1. The Council's projected treasury portfolio position at 31 March 2019, with forward estimates, is summarised below. Table 1 shows external borrowing against the Capital Financing Requirement (CFR) - which is a measure of the need to borrow for capital expenditure purposes - highlighting any forecast over or under borrowing.
- 2.2. The figures exclude any borrowing undertaken or planned for third party loans so as to focus on the Council's own cash position:

<b>Table 1: Treasury Portfolio at 31 March 2019</b>						
<b>£m</b>	<b>2019-20 Estimate</b>	<b>2020-21 Estimate</b>	<b>2021-22 Estimate</b>	<b>2022-23 Estimate</b>	<b>2023-24 Estimate</b>	<b>2024-25 Estimate</b>
<b>External borrowing</b>						
Borrowing at 1 April	207	202	207	206	200	192
Expected change in borrowing	(5)	5	(1)	(6)	(8)	-
<b>Borrowing at 31 March (1)</b>	<b>202</b>	<b>207</b>	<b>206</b>	<b>200</b>	<b>192</b>	<b>192</b>
<b>CFR (exc 3<sup>rd</sup> Party Loans) at 31 March (2)</b>	<b>299</b>	<b>326</b>	<b>331</b>	<b>336</b>	<b>333</b>	<b>330</b>
<b>Under/(over) borrowing (2-1)</b>	<b>97</b>	<b>119</b>	<b>125</b>	<b>136</b>	<b>141</b>	<b>138</b>
<b>Investments</b>						
Investments (exc 3 <sup>rd</sup> Party Loans) at 1 April	55	45	23	19	10	6
Expected change in investments	(10)	(19)	(4)	(9)	(4)	-
<b>Investments (exc 3<sup>rd</sup> Party Loans) at 31 March (3)</b>	<b>45</b>	<b>23</b>	<b>19</b>	<b>10</b>	<b>6</b>	<b>6</b>
<b>Net borrowing (exc 3<sup>rd</sup> Party Loans) (1-3)</b>	<b>157</b>	<b>184</b>	<b>187</b>	<b>190</b>	<b>186</b>	<b>186</b>

2.3. The Council's prudential and treasury indicators for 2019-20 to 2023-24 are set out at Appendix 3.

### 3. Interest Rates

- 3.1. The Council has appointed Link Asset Services (LAS) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Link Asset Services Interest Rate View														
	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	0.90%	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.10%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

- 3.2. The flow of generally positive economic statistics after the quarter ended 30<sup>th</sup> June meant that it came as no surprise that the Bank of England’s Monetary Policy Committee (MPC) came to a decision on 2<sup>nd</sup> August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth has been healthy since that meeting, but is expected to weaken somewhat during the last quarter of 2018. At their November meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor’s fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. The next increase in Bank Rate is therefore forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.
- 3.3. The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.00 – 2.25% in September 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We have, therefore, seen US 10 year bond Treasury yields

rise above 3.2% during October 2018 and also seen investors causing a sharp fall in equity prices as they sold out of holding riskier assets.

- 3.4. Rising bond yields in the US have also caused some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure has been dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.
- 3.5. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.
- 3.6. Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

### **Investment and borrowing rates**

- 3.7. Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- 3.8. Borrowing interest rates have been volatile so far in 2018-19 and have increased modestly since the summer. The policy of avoiding new borrowing by running down spare cash balances has served the Council well over the last few years. However, this position will be carefully monitored to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure or the refinancing of maturing debt.
- 3.9. There will remain a cost of carry (the difference between higher borrowing costs and lower investment returns) to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

### 4. Borrowing Strategy

- 4.1. The Council is currently maintaining an under-borrowed position against borrowing capacity. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 4.2. Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The CFO will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- if it was felt that there was a significant risk of a sharp **FALL** in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will likely be postponed, and potential rescheduling from fixed rate funding into short term borrowing may be considered.
  - if it was felt that there was a significant risk of a much sharper **RISE** in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in bank rate, an increase in global economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding may be drawn whilst interest rates are lower than they are projected to be in the next few years.
- 4.3. Any decisions will be reported to Cabinet at the next available opportunity.

#### **Policy on Borrowing In Advance of Need**

- 4.4. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 4.5. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanisms.

#### **Debt Rescheduling**

- 4.6. As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).



- 4.7. The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
  - helping to fulfil the treasury strategy;
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 4.8. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 4.9. All rescheduling will be reported to the Cabinet at the earliest meeting following its action.

### **Municipal Bonds Agency**

- 4.10. The Municipal Bond Agency was established with the purpose of offering loans to local authorities at rates lower than those offered by the Public Works Loan Board (PWLB). To date, the Agency has not issued any bonds. In the future, the Council may make use of this new source of borrowing should it prove cost effective to do so.

### **Temporary Borrowing**

- 4.11. The Council may occasionally undertake short-term temporary borrowing if this is needed to cover its cash flow position.
- 4.12. The CFO may also authorise the taking of short-term deposits under mutually agreed and documented terms from other local not-for-profit organisations.

## **5. Annual Investment Strategy (AIS)**

- 5.1. The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).
- 5.2. The Council’s investment policy has regard to the following:
- MHCLG’s Guidance on Local Government Investments (“the Guidance”);
  - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”);
  - CIPFA Treasury Management Guidance Notes 2018 .
- 5.3. The Council’s counterparty and credit risk management policies and its approved instruments for investments are set out in Appendix 7. The Council’s investment priorities will be security first, liquidity second and then yield (return) – in that order.

- 5.4. The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:
- 5.4.1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
  - 5.4.2. Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
  - 5.4.3. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
  - 5.4.4. This Council has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Appendix 7 under the categories of ‘specified’ and ‘non-specified’ investments:
    - Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
    - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
  - 5.4.5. Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in Appendix 7.
  - 5.4.6. Transaction limits are set for each type of investment in Appendix 7.
  - 5.4.7. This authority will set a limit for the amount of its investments which are invested for longer than 365 days.
  - 5.4.8. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating.
  - 5.4.9. This authority has engaged external consultants to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

5.4.10. All investments will be denominated in sterling.

- 5.5. However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against an appropriate time-weighted benchmark for investment performance. Regular monitoring of investment performance will be carried out during the year.

### **Significant Changes to Risk Management Approach Since Last Approved Strategy**

#### ***UK Banks – Ring-Fencing***

- 5.6. The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.
- 5.7. Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.
- 5.8. While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

#### **Approach to Investments**

- 5.9. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.
- If it is thought that Bank Rate is likely to **RISE** significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short-term or variable.

## Cabinet Report – Appendix 5

- Conversely, if it is thought that Bank Rate is likely to **FALL** within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods

### Loans to Third Parties

- 5.10. The Council may make grants or 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). This will usually be to support local economic development, and may be funded by external borrowing.
- 5.11. The Council also has powers to provide financial support to organisations under general powers of competence under the Localism Act 2011.
- 5.12. Enhancement to the governance and due diligence in respect of the awarding of grants and third party loans has been developed. This covers:
- Checklists and a manual;
  - The incorporation of external independent advice as part sign-off process.
- 5.13. Loans of this nature that remain outstanding have been lent to Northampton Town Rugby Football Club (NTRFC), Cosworth and University of Northampton (UoN).

### Enterprise Zones

- 5.14. The Council continues to take forward infrastructure improvements to enable development and to attract investment into the Enterprise Zone, supporting employment growth. Loans have been granted from the Government's Growing Places Fund (GPF) and Local Infrastructure Fund (LIF). The repayment of funding (principal and interest) will be met, for the most part, from business rates uplift in line with the Enterprise Zone financial model.

### Tax Incremental Financing

- 5.15. The Government previously outlined plans to give local authorities the tools to promote growth, including giving more freedom for local authorities to make use of additional revenues to drive forward economic growth in their areas. infrastructure projects.
- 5.16. To this aim they are looking to introduce new borrowing powers to enable authorities to carry out Tax Incremental Financing (TIF) for infrastructure projects. This required new legislation and is closely linked to the localisation of business rates i.e. local retention of business rate income.
- 5.17. In determining the affordability of borrowing for capital purposes, local authorities take account of their current income streams and forecast future income. TIF will enable local authorities to borrow against a future additional uplift to their business rates base. It will be important to manage the costs and risks of this borrowing alongside wider borrowing under the Prudential Code.
- 5.18. The Council will continue to explore these opportunities and assess their impact on the Treasury Management Strategy, particularly in terms of risk to the sustainability, prudence and affordability to the Council's finances.

### Prudential & Treasury Indicators

- 5.19. The Council's prudential and treasury indicators for 2019-20 to 2023-24 are set out at Appendix 3.

### Outturn Report

- 5.20. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Outturn Report

## 6. List of appendices

- Appendix 1: Treasury Management Scheme of Delegation and Role of Chief Finance Officer (Section 151 Officer)
- Appendix 2: Policy for attributing income and expenditure and risks between the General Fund and the HRA
- Appendix 3: Prudential and Treasury Indicators
- Appendix 4: Minimum Revenue Provision (MRP) Policy Statement
- Appendix 5: Interest Rate Forecast Commentary
- Appendix 6: Economic Commentary
- Appendix 7: Annual Investment Strategy

## **Treasury Management Strategy – Appendix 1**

### **Treasury Management Scheme of Delegation and role of the Chief Finance Officer (Section 151 Officer)**

#### **Treasury Management Scheme of Delegation**

##### **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 annual Treasury Management Strategy and annual Investment Strategy;
- Setting and monitoring of the Council's prudential and treasury indicators;
- Approval of the treasury management mid-year and outturn reports;
- Approval of the debt financing revenue budget as part of the annual budget setting process.

##### **Cabinet**

The Cabinet is responsible for:

- Consideration of the all of the above and recommendation to Council;
- Receiving monitoring information on the debt financing budget as part of the revenue budget monitoring process;
- Approving the selection of external service providers and agreeing terms of appointment in accordance with the Council's procurement regulations.

##### **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.

#### **Treasury management role of the Section 151 Officer**

The Council's Chief Finance Officer (CFO) is the officer designated for the purposes of Section 151 of the Local Government Act 1972 as the Responsible Officer for treasury management at the Council.

## **Treasury Management Strategy – Appendix 1 cont.**

The Council's Financial Regulations delegates responsibility for the execution and administration of treasury management decisions to the CFO, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

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.

Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to 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.

The CFO may delegate his power to borrow and invest to members of his staff.

The CFO is responsible for:

- Ensuring that the schedules to the Treasury Management Practices (TMPs) are fully reviewed and updated annually and monitoring compliance to the Treasury Management in the Public Services: Code of Practice and Guidance Notes;
- Submitting regular treasury management reports to Cabinet and Council;
- Submitting debt financing revenue budgets and budget variations in line with the Council's budgetary policies;
- Receiving and reviewing treasury management information reports;
- 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 the appointment of external service providers (e.g. treasury management advisors) in line with the approval limits set out in the Council's procurement rules;
- Ensuring that the Council's Treasury Management Policy is adhered to, and if not, bringing the matter to the attention of elected members as soon as possible.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money.



### Treasury Management Strategy – Appendix 1 cont.

- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority.
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources.
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities.
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority.
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above.
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed.

## Treasury Management Strategy – Appendix 2

### Policy for attributing income and expenditure and risks between the General Fund and the HRA

- 1.1 The Council is required to have a clearly agreed policy for attributing income and expenditure and risks between the General Fund and the HRA.
- 1.2 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.
- 1.3 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

- 1.4 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.
- 1.5 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.

**Treasury Management Strategy – Appendix 2 cont.**

- 1.6 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 variable loans.
- 1.7 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.
- 1.8 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.

## Treasury Management Strategy – Appendix 3 Prudential and Treasury Indicators

The prudential indicators for 2019-20 to 2023-24 are set out below, each one with a commentary and risk analysis.

### Affordability

#### a) Estimate 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. However, it should be recognised however that ultimately all debts of a local authority fall on the taxpayer. The objective is to enable trends to be identified.

The figures below reflects the cumulative impact of borrowing costs (interest and MRP where applicable) for capital programme schemes agreed each year, set against the backdrop of net revenue streams in future years.

<b>Financing costs to net revenue stream</b>					
	2019-20	2020-21	2021-22	2022-23	2023-24
	Estimate %	Estimate %	Estimate %	Estimate %	Estimate %
General Fund	7.82	8.42	9.03	8.96	8.89
HRA	30.13	30.28	29.43	29.08	28.88

##### *Risk Analysis*

Debt financing costs relating to past and current capital programmes have been estimated in accordance with proper practices. Actual costs will be dependent 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.

## Treasury Management Strategy – Appendix 3 cont.

### Prudence

#### Capital Expenditure

##### b) Estimates 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 2019-20 to 2023-24 for both the GF and HRA is included elsewhere on this agenda and sets out the levels of estimated capital expenditure.

Estimates include continuation schemes from previous years, new bids for the coming year, and block programmes for the coming and future years. The programme is agreed annually and will be adjusted in the context of future bids submitted and available resources when the annual programmes for the future years are agreed. Variations to the existing programme may also be agreed during the year.

###### *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. 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.

## Treasury Management Strategy – Appendix 3 cont.

## c) Gross debt and the capital financing requirement (CFR)

**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.

<b>Gross debt and the capital financing requirement</b>		
	2019-20 £m <b>Excluding</b> Third Party Loans	2019-20 £m <b>Including</b> Third Party Loans
<b>Gross external debt</b>	<b>202</b>	<b>272</b>
2018-19 Closing CFR (forecast)	268	318
Increases to CFR:		
2019-20	31	31
2020-21	27	(3)
2021-22	5	5
<b>Adjusted CFR</b>	<b>331</b>	<b>351</b>
<b>Gross external debt less than adjusted CFR</b>	<b>Yes</b>	<b>Yes</b>

**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.

**Estimates 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.

## Treasury Management Strategy – Appendix 3 cont.

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 table below shows the impact of proposed new capital expenditure funded by borrowing offset by annual repayments of principal (MRP – General Fund only, the HRA is not required to make an annual MRP charge). The table also splits out the impacts of loans to third party organisations funded by borrowing, where these are included in the Council's capital programme.

The changes to CFR are subject to future Council decisions in respect of the capital programme for those years.

<b>Capital Financing Requirement (Closing CFR)</b>					
	2019-20	2020-21	2021-22	2022-23	2023-24
	31 March	31 March	31 March	31 March	31 March
	£m	£m	£m	£m	£m
General Fund	84	97	96	95	92
HRA	215	229	235	241	241
<b>Total</b>	<b>299</b>	<b>326</b>	<b>331</b>	<b>336</b>	<b>333</b>
Loans to third parties (GF)	50	20	20	19	19
<b>Total</b>	<b>349</b>	<b>346</b>	<b>351</b>	<b>355</b>	<b>352</b>

### ***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

## **Treasury Management Strategy – Appendix 3 cont.**

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**

#### **d) Authorised limit for 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.

This requires the setting for the forthcoming financial year and the following four 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. It includes headroom for any planned loans to third party organisations where applicable.

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 (e) below).

Other long-term liabilities relate to finance leases and credit arrangements.

The CFO 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.



Treasury Management Strategy – Appendix 3 cont.

<b>Authorised limit for external debt</b>					
	2019-20	2020-21	2021-22	2022-23	2023-24
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
Borrowing	330	335	335	335	335
Other long-term liabilities	5	5	5	5	5
<b>Total</b>	<b>335</b>	<b>340</b>	<b>340</b>	<b>340</b>	<b>340</b>

**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.

**e) Operational boundary for 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 CFO. 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. It includes headroom for any planned loans to third party organisations.

Other long-term liabilities relate to finance leases and credit arrangements.

The CFO 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.

## Treasury Management Strategy – Appendix 3 cont.

Operational boundary for external debt					
	2019-20	2020-21	2021-22	2022-23	2023-24
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
Borrowing	320	325	325	325	325
Other long-term liabilities	5	5	5	5	5
<b>Total</b>	<b>325</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>

**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.

**Treasury Indicators****f) Maturity structure of borrowing**

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

The indicator represents the amount of projected borrowing that is maturing in each period expressed as a percentage of total projected borrowing 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.

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.

**Treasury Management Strategy – Appendix 3 cont.**

The proposed limits for the forthcoming year are:

<b>Maturity Structure of Borrowing</b>		
	Lower Limit %	Upper Limit %
Under 12 months	0%	50%
Between 1 and 2 years	0%	50%
Between 2 and 5 years	0%	50%
Between 5 and 10 years	0%	50%
Between 10 and 20 years	0%	50%
Between 20 and 30 years	0%	60%
Between 30 and 40 years	0%	80%
Over 40 years	0%	100%

***Risk Analysis***

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.

**g) Total principal sums invested for periods longer than 365 days**

Under the Local Government Act 2003 and the MHCLG Guidance on Local Authority Investments (revised 2018), all Councils are permitted to invest for periods exceeding 1 year (or 365 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 limits have 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.

**Treasury Management Strategy – Appendix 3 cont.**

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

<b>Upper limit on investments for periods longer than 365 days</b>					
	2019-20	2020-21	2021-22	2022-23	2023-24
	Upper Limit £m	Upper Limit £m	Upper Limit £m	Upper Limit £m	Upper Limit £m
Investments > 365 days	14	12	10	10	10

This upper limit has been calculated at a prudent level with regard to cashflow liquidity, capped at the maximum of 20% of forecast average (HRA & GF) cash balances in each year.

## Treasury Management Strategy – Appendix 4

### Minimum Revenue Provision Policy Statement

- 1.1 The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008, which came into force in February 2008, require 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).
- 1.2 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.
- 1.3 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.
- 1.4 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 2018-19 is set out below. The policy is considered by the Chief Finance Officer (CFO) to provide for the prudent repayment of debt.
  - 1.4.1 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.
  - 1.4.2 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".
  - 1.4.3 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.
  - 1.4.4 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.

### Treasury Management Strategy – Appendix 4 cont.

- 1.4.5 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.
- 1.4.6 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.
- 1.4.7 MRP will be charged from the financial year after the asset comes into use.
- 1.4.8 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.
- 1.4.9 No MRP will be charged in respect of capital expenditure funded by borrowing where the expectation is that a future capital receipt will be applied to the CFR as a voluntary debt repayment for the borrowing - for example capital expenditure on preparing assets for sale. Where this approach is used it will be reviewed on an annual basis, in consideration of updated expectations over the timing and certainty of capital receipts, and to ensure that the latest estimate of proceeds is sufficient to cover the MRP liability.
- 1.4.10 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.
- 1.4.11 The Council will take advantage of any transitional arrangements introduced to minimise or negate the impact of retrospective accounting adjustments as a result of new accounting guidance or proper practice.
- 1.4.12 In respect of loans to third parties supported by borrowing, where these are treated as capital expenditure, and contractual terms are in place to secure repayment over a period not exceeding the life of the asset, the Council will not charge MRP on the related expenditure; the CFR will be reduced by the third party loan repayments as and when these are received.

**Treasury Management Strategy – Appendix 4 cont**

- 1.4.13 In respect of infrastructure improvements and other capital schemes where repayment of the funding (principal and interest) will be met from business rates uplift in line with the Enterprise Zone financial model, and
- 1.4.14 the repayment does not exceed the life of the asset, the Council will not charge MRP on the related expenditure; the CFR will be reduced by the amount of repayment of principal through business rates as and when these are made.
- 1.4.15 The Minimum Revenue Provsion Policy Statement will be continuously reviewed throughout the financial year and particularly with respect to any devlopments in the Council's Efficiency Plan. Any required amendments or changes will be brought back to Council for approval.

## Treasury Management Strategy – Appendix 5

### Interest Rate Forecast Commentary – Link Asset Services (LAS)

The interest rate forecasts applied in this Strategy are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.

In the event of an orderly non-agreement exit, it is likely that the Bank of England would take action to cut Bank Rate in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.

If there was a disorderly Brexit, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly.

It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

#### **Balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008.

This means that the neutral rate of interest in an economy (i.e. the rate that is neither expansionary nor deflationary) is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

#### **Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- Brexit: if it were to cause significant economic disruption and a major downturn in the rate of growth;
- Bank of England monetary policy: MPC takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate;
- A resurgence of the Eurozone sovereign debt crisis;
- Weak capitalisation of some European banks;
- Further increases in interest rates in the US; this could spark a sudden flight of investment funds from more risky assets e.g. shares, into bonds yielding a much improved yield;



**Treasury Management Strategy – Appendix 5 cont.**

- Concerns around US corporate debt: levels have swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions;
- Geopolitical risks: especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

**Upside risks to current forecasts for UK gilt yields and PWLB rates:**

- Brexit: if both sides were to agree a compromise that removed all threats of economic and political disruption;
- Bank of England monetary policy: MPC is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect;
- The US misjudging the pace and strength of increases in interest rate: and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world;
- UK inflation: whether domestically generated or imported, inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

## Treasury Management Strategy – Appendix 6

### Economic Commentary – Link Asset Services (LAS)

**GLOBAL OUTLOOK;** World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China, overall world growth is likely to weaken. Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to a marked acceleration of wage inflation which is likely to prompt central banks into a series of increases in central rates. The EU is probably about a year behind in a similar progression.

**KEY RISKS;** Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period has already started in the US, and more recently in the UK, of reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This now means that both asset categories are vulnerable to a sharp downward correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. The potential for central banks to get this timing and strength of action wrong are now key risks.

The world economy also needs to adjust to a sharp change in liquidity creation over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt. In addition, the European Central Bank has cut back its QE purchases substantially and is likely to end them completely by the end of 2018.

**UK;** The flow of positive economic statistics since the end of the first quarter this year has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in

### Treasury Management Strategy – Appendix 6 cont.

GDP was followed by a return to 0.4% in quarter 2; quarter 3 is expected to be robust at around +0.6% but quarter 4 is expected to weaken from that level.

At their November meeting, the MPC reiterated that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate (where monetary policy is neither expansionary or contractionary) than before the crash; indeed they gave a figure for this of around 2.5% in ten years time but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also *raise* Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor has held back some spare capacity to provide a further fiscal stimulus if needed.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring next year. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019. The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

**Inflation;** The Consumer Price Index (CPI) measure of inflation fell from 2.7% to 2.4% in September. In the November Bank of England quarterly inflation report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate. This inflation forecast is likely to be amended upwards due to the Bank's inflation report being produced prior to the Chancellor's announcement of a significant fiscal stimulus in the Budget; this is likely to add 0.3% to GDP growth at a time when there is little spare capacity left in the economy, particularly of labour.

As for the labour market, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.1%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 0.7%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

**USA;** The US easing of fiscal policy is fuelling a temporary boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%

## Treasury Management Strategy – Appendix 6 cont.

(annualised rate) in quarter 1 to 4.2% in quarter 2 and 3.5% (3.0% y/y) in quarter 3, but also an upturn in inflationary pressures. In particular, wage rates were increasing

at 3.1% y/y in October and heading higher due to unemployment falling to a 49 year low of 3.7%. With CPI inflation over the target rate of 2% and on a rising trend towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being the fourth increase in 2018. They also indicated that they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US (China in particular) could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019. However, a combination of an expected four increases in rates of 0.25% by the end of 2019, together with a waning of the boost to economic growth from the fiscal stimulus in 2018, could combine to depress growth below its potential rate, i.e. monetary policy may prove to be too aggressive and lead to the Fed having to start on cutting rates. The Fed has also been unwinding its previous quantitative easing purchases of debt by gradually increasing the amount of monthly maturing debt that it has not been reinvesting.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation. The results of the mid-term elections are not expected to have a material effect on the economy.

**Eurozone;** Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this is probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank has indicated it is likely to end all further purchases in December 2018. Inflationary pressures are starting to build gently so it is expected that the ECB will start to increase rates towards the end of 2019.

**China;** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

**Japan;** Japan has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose

## Treasury Management Strategy – Appendix 6 cont.

monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

**Emerging countries;** Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

## Treasury Management Strategy – Appendix 7

### Annual Investment Strategy

#### 1 Investment policy

- 1.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
- 1.2 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 TMP Schedules and the Treasury Management Strategy.
- 1.3 Responsibility for risk management and control lies within the Council and cannot be delegated to an outside organisation.

#### 2 Creditworthiness policy

- 2.1 The Council’s counterparty and credit risk management policies and its approved instruments for investments are set out below. These, taken together, form the fundamental parameters of the Council’s Investment Strategy.
- 2.2 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 advisors and;
  - Have sovereign ratings of AA or above, or are;
  - UK banking or other financial institutions or are;
  - UK national or local government bodies or are;
  - Triple A rated Money Market funds.

#### 3 Sovereign limits

- 3.1 The Council has determined that for 2019-20 it will only use approved counterparties from countries with a sovereign credit rating from at least one of the three main ratings agencies of at least AA-. However the limit for the amount that may be invested and the duration of the investment will be banded according to the sovereign rating. These limits are set out in the table at paragraph 7.4 below.

## Treasury Management Strategy – Appendix 7 cont.

### 4 Investment position and use of Council’s resources

4.1 The application of resources, such as capital receipts, reserves etc, to either finance capital expenditure or for other budget decisions to support the revenue budget will have an ongoing impact on investments balances and returns unless resources are supplemented each year from new sources such as asset sales. Detailed below are estimates of the Council’s year end investment balances (excluding third party loans):

	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m
Forecast Investment Balances (at 31 <sup>st</sup> March)	45	23	19	10	6

4.2 Investment decisions will be made with reference to the core balance, cash flow requirements and the outlook for interest rates.

4.3 The Council is currently maintaining an under-borrowed position against its capacity to borrow. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt, but cash supporting the Council’s reserves, balances and positive cash flows have been used to fund capital expenditure as a temporary measure. This strategy is prudent at this time as the cost of raising additional borrowing outweighs the potential investment returns achievable. Furthermore, applying cash balances in this manner assists in managing counterparty risk.

### 5 Specified investments

5.1 Under the Local Government Act 2003 the Council is required to have regard to the CLG Guidance on Local Government Investments. This requires that investments are split into two categories:

- (i) Specified investments – broadly, sterling investments, not exceeding 365 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.

5.2 The detailed conditions attached to each of these categories are set out in the TMP Schedules.

5.3 The majority of the Council’s investments in 2019-20 will fall into the category of specified investments.

## Treasury Management Strategy – Appendix 7 cont.

### 6 Non-specified investments

- 6.1 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.
- 6.2 The recommendation for 2019-20 is that the following non-specified investments may be entered into:
- 6.2.1 Long-term investments (those for periods exceeding 365 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 365 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 duration limits of over 365 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.
- 6.2.2 The following items, being non-specified only by virtue of the Council's lack of previous exposure to these instruments, are:
- UK Government Gilts;
  - Treasury Bills;
  - 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;
  - Reverse Gilt Repos;
  - Commercial paper;
  - Gilt funds and other bond funds;
  - Enhanced money market funds;

Before proceeding with any of the above treasury management staff will take advice from the Council's external treasury advisors as appropriate, ensure that they fully understand the product and its risks, and prepare a business case to be signed off by the CFO.

### 7 Counterparties

- 7.1 Over-arching policies for the management of counterparty and credit risk are set out in the TMP Schedules. The Council's approach to counterparties for 2019-20 is set out below.
- 7.2 The CFO will use the recommendations of the creditworthiness service provided by the Council's external treasury advisors to determine suitable counterparties and the maximum period of investment, using the ratings assigned.



**Treasury Management Strategy – Appendix 7 cont.**

7.3 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.

7.4 The following table sets out the Council’s counterparty criteria for 2019-20.

<b>Investments may be placed with counterparties recommended by the Council’s external treasury advisors, and which meet the following criteria</b>		
<b>Counterparty Type</b>	<b>Limit; per individual counterparty or banking group</b>	<b>Limits; Duration</b>
<b>(1a)</b> UK Government	£20m	5 years
<b>(1b)</b> UK nationalised or part nationalised banking institutions	£20m	1 years
<b>(1c)</b> Other UK counterparties	£15m	3 years
<b>(1d)</b> Other Local Authorities	£10m	3 years
<b>(2a)</b> Non UK counterparties having a sovereign rating of AAA	£15m	3 years
<b>(2b)</b> Non UK counterparties having a sovereign rating of AA+	£10m	2 years
<b>(2c)</b> Non UK counterparties having a sovereign rating of AA	£5m	1 year
<b>(3)</b> Money Market Funds (CNAV/LNAV) having a credit rating of AAA	£15m	N/A - Liquid deposits
<b>(4)</b> Pooled Property Funds	£10m	5 years

## **Treasury Management Strategy – Appendix 7 cont.**

- 7.5 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.
- 7.6 Any types of investments that fall within the category of specified investments as set out in the TMP Schedules and any types of non-specified investments approved as part of this document may be made within the bounds of the counterparty policies.
- 7.7 The total value of investments over 365 days at any one time is restricted by the treasury indicator for the upper limit on investments for periods longer than 365 days.
- 7.8 The Council may enter into forward agreements up to 3 months in advance of the investment commencing. If forward deposits are to be made, the forward period plus the deal period should not exceed the limits above.
- 7.9 The CFO 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 in the TMP Schedules, will be met.

## **8 Liquidity of Investments**

- 8.1 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.
- 8.2 Investment periods range from overnight to 365 days as specified investments, or 5 years as non-specified investments. When deciding the length of each investment, regard is had to both cashflow needs and prevailing interest rates. As cash balances available for investment are forecast to be somewhat reduced compared to previous years, the preservation of liquidity will be a critical determinant for treasury officers when determining the value and duration of investments.
- 8.3 Amounts deposited for over 365 days will also be determined by liquidity considerations and by whether longer term interest rates are favourable, and all deposits will be in accordance with counterparty limits and the treasury indicator for investments over 365 days. Long term investments of over 2 years will only be made in exceptional circumstances and with approval of the CFO.
- 8.4 For short term and overnight investment, the Council makes full use of triple A rated Money Market Funds (CNAV and LNAV) and bank call and deposit accounts offering competitive rates and, in most instances, instant access to funds.
- 8.5 The Council may occasionally undertake short-term temporary borrowing if this is needed to cover its cash flow position.

**Treasury Management Strategy – Appendix 7 cont.**

**9 Investments defined as capital expenditure**

- 9.1 The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1) (d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as ‘non-specified investments’.
- 9.2 Investments in money market funds which are collective investment schemes and bonds issued by multilateral development banks – both defined in SI 2004 No 534 – will not be treated as capital expenditure.
- 9.3 A loan or grant or financial assistance by this Council to another body, for capital expenditure by that body, will be treated as capital expenditure by the Council.

**10 Lending to third parties**

- 10.1 Officers will ensure that any loans to or investments in third parties comply with legislative requirements. This would normally, but not necessarily, be under one of the following Acts of Parliament:
- The Localism Act 2011 gives local authorities a general power of competence to act in the same manner as any other legal person, except where those powers are specifically limited by statute;
  - The Local Government Act 2000 contains wellbeing powers for local government that allow local authorities to do anything, including to give financial assistance to any person, which they believe is likely to promote or improve the economic, social or environmental well being of their area. Certain conditions, including consultation requirements, must be complied with in order to meet the requirements allowing the local authority to use the wellbeing powers.
- 10.2 Loans of this nature must be approved by Cabinet. The primary aims of the Investment Strategy, in order of priority, are the security of its capital, liquidity of its capital and then to obtain a return on its capital commensurate with levels of security and liquidity. These aims are crucial in determining whether to proceed with a potential loan to a third party.
- 10.3 Recipients of this type of investment are unlikely to be a financial institution and therefore unlikely to be subject to a credit rating. In order to ensure security of the Council’s capital, financial due-diligence must be completed prior to any loan or investment being agreed. The Council will use specialist advisors to complete financial checks to ascertain the creditworthiness of the third party. Where deemed necessary, additional guarantees will be sought. This will be via security against assets and/or through guarantees from a parent company.

## Treasury Management Strategy – Appendix 7 cont.

### **11 Provisions for credit related losses**

- 11.1 If any of the Council's investments appears at risk of loss due to default (i.e. this is a credit related loss and not one resulting from a fall in price due to movements in interest rates) the Council may make a prudent revenue provision of an appropriate amount.

### **12 Banking services**

- 12.1 It is the Council's intention that, should the event of the credit rating downgrade of the provider of its banking services lead to that bank falling below the Council's minimum investment criteria, the bank may continue to be used for short-term liquidity requirements (kept under daily review).

### **13 End of year investment report**

- 13.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

## Special Expenses Appendix

## Appendix 6

The “Draft General Fund Medium Term Financial Plan 2019/20 – 2022/23 and Draft Budget 2019/20” report that went to Cabinet on 12 December 2018 contained an appendix 6 on special expenses. That appendix contained an explanation of special expenses and the methodology for calculating them and provisional special expenses figures for 2019/20. The calculation and the figures have not changed going into the Final 2019/20 budget.

### **Council Tax position for 2019/20**

The following sets out the proposed components of council tax in Northampton for 2019/20 (subject to formal approvals by Full Council and other precepting bodies):

<b>Authority / Preceptor</b>	<b>2019/20 Band D</b>
Northampton Borough Council	225.84
Northamptonshire Police & Crime Commissioner	245.04
Northamptonshire Fire & Rescue Authority	60.76
Northamptonshire County Council	1,236.10
Parish Precepts (average)	17.11
<b>Total</b>	<b>1,784.85</b>

This shows that the average band D council tax relating to NBC is £225.84. However, this figure is only an average figure across all areas of the Borough – this figure will vary from area to area due to special expenses.

### **Increase in Council Tax for Northampton Borough Council**

District and Borough Councils are required to hold a referendum if they wish to increase their council tax by 3% or more. This calculation is based on the average level of council tax – averaging out the variations that will be found across the Borough due to the application of special expenses. In 2018/19 this figure was £219.28. This has increased by £6.56 to £225.84 in 2019/20. This is an increase of 2.99%.

### **Parish line on Council Tax Demands**

If you live in a parished area, then on the council tax demand that you receive, the special expense charges are combined with the parish precepts to give an overall council tax that is specific to that area. The table below shows these two separate elements separately:

<b>Area within the Borough</b>	<b>2019/20</b>			<b>% change compared to 2018/19</b>		
	<b>NBC special expense</b>	<b>Parish Precept</b>	<b>Total specific to parished area</b>	<b>NBC special expense</b>	<b>Parish Precept</b>	<b>Total specific to parished area</b>
Billing	9.97	59.15	69.12	-2.3%	4.1%	3.1%
Collingtree	0.00	40.10	40.10	n/a	3.8%	3.8%
Duston	4.18	86.31	90.49	-1.5%	2.0%	1.8%
Great Houghton	0.00	70.34	70.34	n/a	-1.5%	-1.5%
Hardingstone	2.34	49.00	51.34	-2.1%	-1.4%	-1.4%
Upton	0.00	14.61	14.61	n/a	0.0%	0.0%
Wootton	3.41	64.21	67.61	-1.5%	1.9%	1.8%
East Hunsbury	15.44	46.98	62.42	-2.1%	0.8%	0.1%
Hunsbury Meadows	0.00	27.80	27.80	n/a	-4.4%	-4.4%
West Hunsbury	6.25	13.24	19.49	-1.4%	21.4%	13.0%
Unparished	11.60	0.00	11.60	-3.4%	n/a	-3.4%

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General Fund Reserves Forecast

Appendix 7

Description	Forecast Balance 31/3/19	Expected Use/ (Contribution) 2019/20	Forecast Balance 31/3/20	Reason for Reserve/Proposed Use
<b>Earmarked Reserves</b>				
Delivering the Efficiency Plan	(1,525,000)	0	(1,525,000)	To be used for one-off investment leading to improved efficiency and savings.
MTFP Cashflow Earmarked Reserve	(416,354)	(1,255,000)	(1,671,354)	To be retained to cover any timing delays in achieving savings targets
Environmental Services Vehicles & Plant Earmarked Reserve	(9,000,000)	1,000,000	(8,000,000)	To fund borrowig costs in relation to the plant and equipment purchased for use in delivering Environmental Services contract.
Sixfields Recovery Earmarked Reserve	(5,000,000)	0	(5,000,000)	To cover risk of Sixfields loan money recovery costs
Insurance Earmarked Reserve	(1,235,940)	(50,000)	(1,285,940)	Actuarial valuation of future insurance costs
Other General Earmarked Reserves	(5,329,691)	172,408	(5,157,283)	To fund specific corporate or service specific risks and funding needs
<b>Total Earmarked Reserves</b>	<b>(22,506,984)</b>	<b>(132,592)</b>	<b>(22,639,576)</b>	
Minimum Level of General Reserves	(4,000,000)	0	(4,000,000)	
<b>Total general Fund Reserves</b>	<b>(26,506,984)</b>	<b>(132,592)</b>	<b>(26,639,576)</b>	

## Fees & Charges

Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT £	2019/20 Value inc VAT £
<b>Waste Services</b>				
Bulky Waste Collection	Up to three Items	Non - S	30.50	31.40
Skip Collection Service (to be confirmed)	Non - Recyclable Waste - per tonne	Non - S	113.00	116.00
	Administration Fee	Non - S	64.00	66.00
	Mileage Charge - per mile	Non - S	2.17	2.25
	Waste Above one Tonne - prices available from Waste Minimisation Team			
<b>Cemetery</b>				
Grant of Right	Adult Grave for 1 - 5'6"	Non - S	470.00	485.00
	Adult Grave for 2 - 6'6"	Non - S	545.00	562.00
	Adult Grave for 3 - 7'6"	Non - S	615.00	633.00
	Child	Non - S	94.00	97.00
	Cremated Remains	Non - S	177.00	182.00
Interment Fee Monday - Friday	Grave Depth 7'6"	Non - S	586.00	604.00
	Grave Depth 6'6"	Non - S	515.00	530.00
	Grave Depth 5'6"	Non - S	470.00	484.00
	Child up to 12 Years	Non - S	74.00	76.00
	Still Born - 1 Month Old	Non - S		
	Cremated Remains	Non - S	177.00	182.00
	Scattering of Ashes	Non - S	25.00	26.00
	Mausoleum	Non - S	4,275.00	4,403.00
Vault	Grant of Right and First Interment	Non - S	940.00	968.00
	Second Interment	Non - S	445.00	458.00
Memorial Erection Rights	Headstone - Adult	Non - S	127.00	131.00
	Headstone - Child	Non - S	34.00	35.00
	Vase - Plain	Non - S	No Charge	No Charge
	Vase - Inscribed	Non - S	60.00	62.00
Kerb Sets	Kerb only	Non - S	191.00	197.00
	Kerb and Headstone	Non - S	317.00	327.00
	Memorial Tablet	Non - S	60.00	62.00
	Additional Inscription	Non - S	45.00	46.00
	Grave Number Marker	Non - S	18.00	19.00
	Permanent Grave Number Marker	Non - S	28.00	29.00
	Use of Chapel	Non - S	74.00	76.00
	Use of Chapel - Winter Fuel Charge	Non - S	9.00	9.00
	Search Fee (Inc VAT) - Small Search	Non - S	No Charge	No Charge
	Search Fee (Inc VAT) - Medium search	Non - S	28.00	29.00
Search Fee (Inc VAT) - Full search	Non - S	75.00	77.00	
Non Resident Fees - families that have resided outside the Borough for more than 5				
<b>Allotments</b>				
Standard Plot	10 Poles	Non - S	34.95	36.00
Half size	5 Poles	Non - S	17.48	18.00
Gate Key Fee - either £6 or £4 dependent on type of lock used				
<b>Parks</b>				
Some bookings may require a differing VAT treatment than that assumed below. The				
Football	Senior Pitch	Non - S	28.75	30.00
	Junior Pitch	Non - S	9.25	10.00
Rugby	Senior Pitch	Non - S	28.75	30.00
Gaelic Football	Senior Pitch	Non - S	28.75	30.00

## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
Use of Changing Rooms	Changing Facilities for any activity - with showers			
	Monday - Saturday	Non - S	13.50	14.00
	Sunday	Non - S	17.50	18.00
	Changing Facilities for any activity - without showers			
	Monday - Saturday	Non - S	9.50	10.00
	Sunday	Non - S	14.50	15.00
Cricket	Day Match	Non - S	41.00	42.00
	Evening Match	Non - S	27.00	28.00
	Junior School Match	Non - S	15.00	15.00
Bowls	Rink per person, per hour	Non - S	3.00	3.00
	OAP's & Unemployed	Non - S	3.00	3.00
	Matches - 3 rinks per hour	Non - S	20.00	21.00
	Matches - 4 rinks per hour	Non - S	25.00	26.00
	Matches - 5 rinks per hour	Non - S	31.00	32.00
	Hire of Bowls per game	Non - S	2.00	2.00
	Hard Court - Per Court per hour	Non - S	6.50	7.00
	Per Court, per hour with floodlights	Non - S	11.50	12.00
	Concession	Non - S	3.00	3.00
	Mini 5 a Side Football	Hire of Pitch	Non - S	5.30
<b>Call Care</b>				
Non - HRA	Lifelines - Inside Borough Yearly Charge	Non - S	239.20	239.20
	Lifelines - Inside Borough Charge per week	Non - S	4.60	4.60
	Lifelines - Outside Borough Yearly Charge	Non - S	239.20	239.20
	Lifelines - Outside Borough Charge per week	Non - S	4.60	4.60
	Installation Charges - Inside Borough	Non - S	60.00	60.00
	Installation Charges - Outside Borough	Non - S	60.00	60.00
	Monitoring Charges Yearly Charge	Non - S	41.60	41.60
	Monitoring Charges Charge per week	Non - S	0.80	0.80
	Environmental Health Yearly Charge	Non - S	56.28	56.28
	Environmental Health Charge per week	Non - S	1.08	1.08
<b>Licensing Fees</b>				
<b>Gambling Act 2005</b>				
Lotteries	New Application	S	40.00	40.00
	Annual Fee	S	20.00	20.00
Premises Licence New Application	New Small Casino	S	8,000.00	8,000.00
	New Large Casino	S	10,000.00	10,000.00
	Regional Casino	S	15,000.00	15,000.00
	Bingo Club	S	3,500.00	3,500.00
	Betting Premises (exc track)	S	3,000.00	3,000.00
	Tracks	S	2,500.00	2,500.00
	Family Entertainment Centre Adult Gaming Centre	S	2,000.00	2,000.00



## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
Premises Licence Variation Application	Existing Casino	S	2,000.00	2,000.00
	Small Casino	S	4,000.00	4,000.00
	Large Casino	S	5,000.00	5,000.00
	Regional Casino	S	7,500.00	7,500.00
	Bingo	S	1,750.00	1,750.00
	Betting Premises (exc track)	S	1,500.00	1,500.00
	Tracks	S	1,250.00	1,250.00
	Family Entertainment Centre Adult Gaming Centre	S S	1,000.00 1,000.00	1,000.00 1,000.00
Premises Licence Annual Fee	Existing Casino	S	3,000.00	3,000.00
	Small Casino	S	5,000.00	5,000.00
	Large Casino	S	10,000.00	10,000.00
	Regional Casino	S	15,000.00	15,000.00
	Bingo	S	1,000.00	1,000.00
	Betting Premises (exc track)	S	600.00	600.00
	Tracks	S	1,000.00	1,000.00
	Family Entertainment Centre Adult Gaming Centre	S S	750.00 1,000.00	750.00 1,000.00
Club Machine Permits	New Application Part 2 & 3	S	200.00	200.00
	Annual Fee	S	50.00	50.00
	Variation Permit	S	100.00	100.00
Prize Gaming Permit	New Application	S	300.00	300.00
	Renewal	S	300.00	300.00
	Change of Name	S	25.00	25.00
Alcohol Licensed Premises	Notification of 2 or less machines	S	50.00	50.00
	Notification of change	S	50.00	50.00
	New application gaming machine permit	S	150.00	150.00
	Gaming machine permit existing	S	100.00	100.00
	Transfer of permit	S	25.00	25.00
	Machine Permit Annual Fee	S	50.00	50.00
	Variation Permit Change of Name	S S	100.00 25.00	100.00 25.00
Copy of Permits		15.00	15.00	
Copy of Licences		25.00	25.00	
Unlicensed Family Entertainment Centre	New Application	S	300.00	300.00
	Renewal	S	300.00	300.00
	Change of Name	S	25.00	25.00
<b>Licensing Act 2003 Alcohol &amp; Regulated Entertainment</b>				
Premises Licence New Grant/Variation	Band A (RV £0 - £4,300) *	S	100.00	100.00
	Band B (RV £4,301 - £33,000)*	S	190.00	190.00
	Band C (RV £33,001 - £87,000)*	S	315.00	315.00
	Band D (RV £87,001 - £125,000)*	S	450.00	450.00
	Band D x 2*	S	900.00	900.00
	Band E (RV £125,000+)*	S	635.00	635.00
	Band E x 3*	S	1,905.00	1,905.00
Premises Licence Annual Fee	Band A (RV £0 - £4,300) *	S	70.00	70.00
	Band B (RV £4,301 - £33,000)*	S	180.00	180.00
	Band C (RV £33,001 - £87,000)*	S	295.00	295.00
	Band D (RV £87,001 - £125,000)*	S	320.00	320.00
	Band D x 2*	S	640.00	640.00
	Band E (RV £125,000+)*	S	350.00	350.00
	Band E x 3*	S	1,050.00	1,050.00

## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
Club Premises Certificate	Theft/loss etc.	S	10.50	10.50
	Change of name/rules of club & change of registered address	S	10.50	10.50
	Premises - duty to notify change of address	S	10.50	10.50
Community Premises DPS condition removal			23.00	23.00
Personal Licence	New Application	S	37.00	37.00
	Change of name/address	S	10.50	10.50
	Theft/loss etc.	S	10.50	10.50
Premises Licence Miscellaneous	Transfer Premises Licence	S	23.00	23.00
	Interim authority notice following death etc.	S	23.00	23.00
	Minor Variation	S	89.00	89.00
Provisional Statement	New Application	S	315.00	315.00
Right of Freeholder/Notification of interest			21.00	21.00
Temporary Event application (TEN)	New Application	S	21.00	21.00
	Theft/loss etc.	S	10.50	10.50
RV = Rateable Value				
*Exemptions may be applicable & additional fee multipliers may apply for premises used for consumption primarily for the sale of alcohol or capacities over 5,000. Fees available upon request.				
<b>Taxi and Private Hire</b>				
Drivers Licence/Badge 3 year Licence	Replacement badge	Non-S	20.00	20.00 **
	Replacement licence	Non-S	25.00	25.00 **
	Renewal	Non-S	140.00	140.00 **
	Disclosure & Barring Application	Non-S	44.00	44.00 **
	Replacement badge buddy	Non-S	1.50	1.50 **
Vehicle	New Plate	Non-S	99.00	99.00 **
	Renewal	Non-S	93.00	93.00 **
	Transfer of vehicle	Non-S	12.00	12.00 **
	Replacement licence	Non-S	22.00	22.00 **
	Replacement plate	Non-S	16.00	16.00 **
	Replacement bracket	Non-S	15.00	15.00 **
Private Hire Operators 5 Year Licence	New Application	Non-S	1,550.00	1,550.00 **
	Renewal 0 vehicle	Non-S	1,450.00	1,450.00 **
	Renewal 1 vehicle	Non-S	1,100.00	1,100.00 **
	Renewal 2 - 5 vehicle	Non-S	1,600.00	1,600.00 **
	Renewal 6 - 20 vehicle	Non-S	1,750.00	1,750.00 **
	Renewal 21 - 50 vehicle	Non-S	2,050.00	2,050.00 **
	Renewal 51 - 100 vehicle	Non-S	2,650.00	2,650.00 **
	Renewal 101 - 200 vehicle	Non-S	3,850.00	3,850.00 **
	Renewal 201 - 300 vehicle	Non-S	6,250.00	6,250.00 **
	Renewal 301 - 400 vehicle	Non-S	11,050.00	11,050.00 **
	Renewal 400+ vehicle	Non-S	20,650.00	20,650.00 **
	Payment Arrangement	Non-S	50.00	50.00 **
Operator change of name	Non-S	220.00	220.00 **	
New Private Hire Driver	Initial Appointment	Non-S	30.00	30.00 **
	Induction Day	Non-S	100.00	100.00 **
	Grant of 3 year licence	Non-S	190.00	190.00 **
	Induction re-take	Non-S	55.00	55.00 **
Miscellaneous	Recovery of returned cheque	Non-S	35.00	35.00 **

## Fees & Charges

Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
	Safety Awareness Course	Non-S	200.00	200.00 **
	Hackney Test	Non-S	55.00	55.00 **
<b>Car Boots</b>				
Registration Fee	1 - 50 pitches	Non-S	10.00	15.00
	51 - 75 pitches	Non-S	25.00	30.00
	76 - 100 pitches	Non-S	30.00	35.00
	101 - 125 pitches	Non-S	35.00	40.00
	126 - 150 pitches	Non-S	40.00	45.00
	151 - 175 pitches	Non-S	45.00	50.00
	176 - 200 pitches	Non-S	50.00	55.00
Fee Per Event	1 - 20 pitches	Non-S	Nil	nil
	21 - 50 pitches	Non-S	15.00	20.00
	51 - 75 pitches	Non-S	20.00	25.00
	76 - 100 pitches	Non-S	25.00	30.00
	101 - 125 pitches	Non-S	30.00	35.00
	126 - 150 pitches	Non-S	35.00	40.00
	151 - 175 pitches	Non-S	40.00	45.00
	176 - 200 pitches	Non-S	45.00	50.00
<b>Sex Shop/Entertainment Establishment</b>				
Sex Establishments	Per Year	Non - S	750.00	750.00 **
Sex Entertainment Establishments	Per Year	Non - S	2,500.00	2,500.00 **
<b>Street Trading</b>				
Standard Area***				
Street Trading Standard Area	Trading 1 day per week	Non-S	240.00	240.00
	Trading 2 days per week	Non-S	480.00	480.00
	Trading 3 days per week	Non-S	720.00	720.00
	Trading 4 days per week	Non-S	960.00	960.00
	Trading 5 days per week	Non-S	1200.00	1200.00
	Trading 6 days per week	Non-S	1440.00	1440.00
	Trading 7 days per week	Non-S	1680.00	1680.00
Premium Park				
Street Trading Premium Park	Trading 1 day per week	Non-S	300.00	300.00
	Trading 2 days per week	Non-S	600.00	600.00
	Trading 3 days per week	Non-S	900.00	900.00
	Trading 4 days per week	Non-S	1200.00	1200.00
	Trading 5 days per week	Non-S	1500.00	1500.00
	Trading 6 days per week	Non-S	1800.00	1800.00
	Trading 7 days per week	Non-S	2100.00	2100.00
*** Standard Areas = Industrial Estates & Laybys. Street Trading is prohibited in town centre locations.				
<b>Environmental Health</b>				
Licences				
Animal Boarding Establishment	Issue of Annual Licence Traditional Border	S	175.00	175.00
Animal Boarding Establishment	Issue of Annual Licence Domestic Border	S	150.00	150.00
Dog Breeding	Licence Renewal	S	150.00	150.00
Dog Breeding	Issue of New Licence	S	150.00	150.00
Dangerous Wild Animal	Licence to Keep Certain Animals	S	300.00	300.00
Pet Shops	Annual Licence	S	150.00	150.00
Riding Establishment	Annual Licence	S	120 + Vet fees	120 + Vet fees
Zoo Licence	Annual Licence	S	550 + vet fees	600.00
Scrap Metal Dealers Licence (Site Licence)	3 Year Licence	S	325.00	325.00
Scrap Metal Dealers Licence (Collectors Licence)	3 Year Licence	S	240.00	240.00
Scrap Metal Dealers Licence (Variation to Licence)	As Required	S	65.00	65.00
Scrap Metal Dealers Licence (Duplicate Licence issued)	As Required	S	15.00	15.00
Tattooing, Ear Piercing, Acupuncture, Electrolysis	Registration - one off fee	S	150.00	160.00
Tattoo and Body Art Covention	Administration Fee (New for 2012/13) (Per Exhibitor)	S	40.00	50.00

## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
Fixed Penalties and Fines				
Smoke Free Areas	No Notice Displayed - Fixed Penalty Notice reduced to £150 if paid in 14 days Maximum Fine on Conviction £1000	S	200.00	200.00
	Smoke Free Areas - reduced to £30 if paid within 15 days	S	50.00	50.00
Certificates & Statements				
Health Export Certificate	Within 3 working days of request	Non - S	85.00	90.00
Environmental Searches	Urgent Rate	Non - S	125.00	130.00
Consultancy	Contaminated Land etc	Non - S	85.00	90.00
Statement and Legal Advice (Private Cases)	Hourly Rate	Non - S	85.00	90.00
	Up to 5 Pages	Non - S	200.00	200.00
	Additional Pages	Non - S	30.00	30.00
Public Health / Environmental Protection Charges				
Funerals	LA Funerals - Claim to Banks / Treasury	S	550.00	550.00
Drainage Works Filthy	Works in Default	S	45.00	45.00
Private Drinking Water Supplies	Risk Assessment	S	500.00	500.00
	Second Visit / Investigation / Authorisation	S	100.00	100.00
	Analysing a Sample - Taken under Reg 10	S	25.00	25.00
	Analysing a Sample - Taken during check monitoring	S	100.00	100.00
	Analysing a Sample - Taken during audit monitoring	S	500.00	500.00
Filthy & Verminous Premises	Works in Default	S	50.00	60.00
Silencing of Alarms	Burglar, Car etc	S	50.00	60.00
Domestic Noise	Seizure and Storage of Noise Equipment	S	240.00	250.00
LA Environmental Regulations of Industrial Plant	LAPC / LAPPC / LA-IPPC Application for Permit / Renewal	S	set by DEFRA	set by DEFRA
Animal Welfare Service				
Stray Dogs	Stray Dog Release Fee	Non - S	tbc	25.00 **
Fixed Penalties - to be approved at Cabinet				
Dogs	Dog Fouling (FPN) (discounted amount £50)	S	80.00	80.00
Dogs	Dog Control (FPN) new for CN & E Act (discounted amount £50)	S	80.00	80.00
Litter	Depositing Litter (discounted amount £50)	S	80.00	tbc **
Litter	Failure to comply with street litter clearing notice (discounted amount £80)	S	100.00	tbc **
Litter	Failure to comply with waste receptacle notice (discounted amount £75)	S	80.00	110.00 **
Litter	Unauthorised distribution of litter on designated land (discounted amount £75)	S	80.00	110.00 **
Litter and Waste	Failure to produce waste transfer note (waster's carriers licence)	S	300.00	300.00 **
Graffiti / Fly Posting	Graffiti and Fly Posting (discounted amount £75)	S	80.00	110.00 **
Noise	Failure to nominate key holder (discounted amount £50)	S	80.00	80.00 **
Noise	Noise from premises - dwelling (discounted amount £80)	S	100.00	100.00 **
Noise	Noise from premises - licenced premises	S	500.00	500.00 **
Parking (cars for sale)	Nuisance premises	S	100.00	100.00 **
Fly Tipping	FPN (discounted amount £300)	S	400.00	400.00 **
Photocopying and Printing				
	First A4 sheet	Non - S	3.50	4.00
	Additional sheets	Non - S	0.50	0.50
	A3	Non - S	3.75	4.00
	Additional sheets	Non - S	0.50	0.50
	Copying Statutory Notices	Non - S	25.00	30.00
General	Copy of Taped Interview	Non - S	25.00	30.00
<b>Election Fees</b>				
	Copy of Electoral Register			

## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
<b>Borough Secretary</b>	Electronic Version - Full Register (restricted sales)	S	£20 admin fee plus £1.50 per thousand entries (or part)	£20 admin fee plus £1.50 per thousand entries (or part)
	Electronic Version - Edited	S	£20 admin fee plus £1.50 per thousand entries (or part)	£20 admin fee plus £1.50 per thousand entries (or part)
	Paper Copy - Full Register (restricted sales)	S	£10 admin fee plus £5 per thousand entries (or part)	£10 admin fee plus £5 per thousand entries (or part)
	Paper Version - Edited	S	£10 admin fee plus £5 per thousand entries (or part)	£10 admin fee plus £5 per thousand entries (or part)
	Confirmation of Registration - Individual	Non - S	15.00	15.00
	Certifying Foreign Pensions	Non - S	10.00	10.00
	Subject Access Request	S	0	0
	FOI time per hour (first 18 hrs free)	S	25.00	25.00
	Postage & Packing request documents		at cost	at cost
	Provision of CCTV Footage (redaction where necessary charged in addition to recover actual costs only)		36.50 (up to 1hr of footage)	36.50 (up to 1hr of footage)
Provision of Additional CCTV Footage (per hr)		25.00	25.00	
Photocopying (per A4 side)		0.12	0.12	
<b>Planning</b>				
	All Outline Applications			
	Sites up to and including 2.5 Hectares	S	462.00 per 0.1 hectare	462.00 per 0.1 hectare
	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	11,432; and an additional £138 for each 0.1 hectare in excess of 2.5 hectares, subject to a maximum in total of £150,000	11,432; and an additional £138 for each 0.1 hectare in excess of 2.5 hectares, subject to a maximum in total of £150,000
Householder Applications	Alterations/Extensions to a single dwelling, including works within boundary (including flats)	S	206.00	206.00
Full Applications (and first submissions of reserved matters)	Alterations/Extensions to two or more dwellings, including works within boundaries	S	407.00	407.00
	New Dwellings (up to and including 50)	S	462.00 per dwelling	462.00 per dwelling
	New Dwellings (for more than 50) £19,049 plus £115 per additional dwelling to a maximum of £250,000	S	22,859 + 138 per additional dwelling over 50, subject to a maximum of 300,000	22,859 + 138 per additional dwelling over 50, subject to a maximum of 300,000
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, no increase in gross floor space or no more than 40m <sup>2</sup>	S	234.00	234.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 40m <sup>2</sup> but no more than 75m <sup>2</sup>	S	462.00	462.00

**Fees & Charges**

**Appendix 8**

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
Applications other than Building Works	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 75m <sup>2</sup> but no more than 3750m <sup>2</sup>	S	462.00 for each 75m <sup>2</sup> or part of	462.00 for each 75m <sup>2</sup> or part of
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 3750m <sup>2</sup> - £19,049 plus £115 for each additional 75m <sup>2</sup> to a max of £250,000	S	22,859 plus 138 for each additional 75m <sup>2</sup> to a max of 300,000.	22,859 plus 138 for each additional 75m <sup>2</sup> to a max of 300,000.
	The erection of buildings on land used for agriculture purposes with a site area of no more than 465m <sup>2</sup>	S	96.00	96.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 465m <sup>2</sup> but not more than 540m <sup>2</sup>	S	462.00	462.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 540m <sup>2</sup> but no more than 4,215m <sup>2</sup> - £385 for first 540m <sup>2</sup> plus £385 for each 75m <sup>2</sup> or part thereof	S	462.00 for first 540m <sup>2</sup> plus 462.00 for each 75m <sup>2</sup> or part thereof	462.00 for first 540m <sup>2</sup> plus 462.00 for each 75m <sup>2</sup> or part thereof
	The erection of buildings on land used for agriculture purposes with a site area of more than 4,215m <sup>2</sup> - £19,049 plus £115 for each additional 75m <sup>2</sup> to a max of £250,000	S	22,859.00 plus 138.00 for each additional 75m <sup>2</sup> to a max of 300,000.	22,859.00 plus 138.00 for each additional 75m <sup>2</sup> to a max of 300,000.
	Erection of glasshouses on land used for the purposes of agriculture with a floor space no more than 465m <sup>2</sup>	S	96.00	96.00
	Erection of glasshouses on land used for the purposes of agriculture with a floor space more than 465m <sup>2</sup>	S	2,580.00	2,580.00
	Erection/Alterations/Replacement of plant and machinery on a site no more than 5 hectares	S	462.00 per 0.1 hectare	462.00 per 0.1 hectare
	Erection/Alterations/Replacement of plant and machinery on a site that exceeds 5 Hectares - £19,049 plus £115 per 0.1 Hectares in excess of 5 Hectares to a maximum £250,000	S	22,859.00 plus 138.00 per 0.1 Hectares in excess of 5 Hectares to a maximum 300,000.	22,859.00 plus 138.00 per 0.1 Hectares in excess of 5 Hectares to a maximum 300,000.
	Car Parks, Service Roads or Other Accesses for existing uses	S	234.00	234.00
	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	234.00 for each 0.1 hectare or part thereof	234.00 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 - £29,112 plus £115 per 0.1 hectare in excess of 15 hectares up to a maximum of £65,000	S	34,934.00 plus 138.00 per 0.1 hectare in excess of 15 hectares up to a maximum of 78,000.	34,934.00 plus 138.00 per 0.1 hectare in excess of 15 hectares up to a maximum of 78,000.
	Operations connected with Exploratory Drilling for oil or natural gas on a site no more than 7.5 hectares	S	508.00 per 0.1 hectare	508.00 per 0.1 hectare
Operations connected with Exploratory Drilling for oil or natural gas on a site that exceeds 7.5 Hectares £28,750 plus £115 for each 0.1 Hectare in excess of 7.5 Hectares to a max £250,000	S	38,070.00 plus 151.00 for each 0.1 hectare in excess of 7.5 hectares to a max 300,000.	38,070.00 plus 151.00 for each 0.1 hectare in excess of 7.5 hectares to a max 300,000.	
Other operations - Winning and working of a site that does not exceed 15 Hectares	S	257.00 per 0.1 hectare	257.00 per 0.1 hectare	

**Fees & Charges**

**Appendix 8**

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
	Other operations - Winning and working of a site that exceeds 15 Hectares - £29,112 plus £115 for each additional 0.1 Hectare in excess of 15 Hectares up to £65,000	S	38,520.00 plus 151.00 for each additional 0.1 Hectare in excess of 15 Hectares up to 78,000.	38,520.00 plus 151.00 for each additional 0.1 Hectare in excess of 15 Hectares up to 78,000.
	Operations (other than exploratory drilling) for the winning and working of oil and natural gas with a site area of not more than 15 hectares	S	234.00 per 0.1 hectare (or part thereof)	234.00 per 0.1 hectare (or part thereof)
	Operations (other than exploratory drilling) for the winning and working of oil and natural gas with a site area more than 15 hectares	S	38,520.00 plus 151.00 for each 0.1 in excess of 15 hectare up to a maximum of 78,000	38,520.00 plus 151.00 for each 0.1 in excess of 15 hectare up to a maximum of 78,000
	Other operations not coming within any of the above categories	S	234.00 for each 01. hectare (or part thereof) up to a maximum of 2,028.00	234.00 for each 01. hectare (or part thereof) up to a maximum of 2,028.00
Advertisement	Advertisement relating to business on the premises	S	132.00	132.00
	Advance signs which are not situated on or visible from the site, directing the public to a business	S	132.00	132.00
	All other advertisements	S	462.00	462.00
Lawful development certificates	LDC - Existing use - in breach of a planning condition	S	Same as Full	Same as Full
	Existing use LDC - lawful not to comply with a particular condition	S	234.00	234.00
	LDC - Proposed Use	S	Half normal planning fee	Half normal planning fee
Prior Approval	Agricultural / Forestry buildings & operations or demolition of buildings	S	96.00	96.00
	Communications (previously referred to as 'Telecommunications Code System Operations')	S	462.00	462.00
	Proposed Change of Use to State Funded School or Registerd Nursery	S	96.00	96.00
	Proposerd Change of Use of Agricultural Building to a State-Funded School or Registered Nursery	S	96.00	96.00
	Proposed Change of Use of Agricultural Building to a flexible use within Shops, Financial and Professional services, restaurants and Cafes, Business, Storage or Distribution, Hotels, or Assembly or Leisure	S	96.00	96.00
	Proposed Changes of Use of Agricultural Building to a Dwellinghouse (Use Class C3), and Associated Building Operations	S	206.00	206.00
	Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a Mixed Retail and residential Use to a use falling within Use Class C3 (Dwellinghouse), where there are <b>NO</b> Associated Building Operations	S	96.00	96.00

**Fees & Charges**

**Appendix 8**

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
	Proposed Change of Use of a building from a Retail (Use Class A1 or A2) Use or a Mixed Retail and residential Use to a use falling within Use Class C3 (Dwellinghouse), and Associated Building Operations	S	206.00	206.00
	Notification for Prior Approval for a Change Of Use from Storage or Distribution Buildings (Class B8) and any land within its curtilage to Dwellinghouse (Class C3)	S	96.00	96.00
	Notification for Prior Approval for a Change of Use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3)	S	96.00	96.00
	Notification for Prior Approval for a Change of Use from Amusement Arcades/Centres and Casinos, (Sui Generis Uses) and any land within its curtilage to Dwellinghouses (Class C3) and Associated Building Operations	S	206.00	206.00
	Notification for Prior Approval for a Change of Use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to restaurants and Cases (Class A3)	S	96.00	96.00
	Notification for Prior Approval for a Change of Use from Shops (Class A1), Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops and Casinos (Sui Generis Uses) to restaurants and Cases (Class A3), and Associated Building Operations	S	206.00	206.00
	Notification for Prior Approval for a Change of Use from Shops (Class A1) and Financial and Professional Services (Class A2), Betting Offices, Pay Day Loan Shops (Sui Generis Uses) to Assembly and Leisure Uses (Class D2)	S	96.00	96.00
	Notification for Prior Approval for a Development Consisting of the Erection or Constuction of a Collection Facility within the Curtilage of a Shop	S	96.00	96.00
	Notification for Prior Approval for the Temporary Use of Buildings or Land for the Purpose of Commercial Film-Making and the Associated Temproary Structures, Works, Plant or Machinery required in Connection with that Use	S	96.00	96.00
	Notification for the Prior Approval for the Installation, Alteration or Replacement of other Solar Photovoltaics (PV) equipment on the roofs of Non-domestic Buildings, up to a Capacity of 1 Megawatt	S	96.00	96.00
Reserved Matters	Application for approval of reserved matters following outline approval - Full Fee due, or if already paid then £462 due	S	Full fee due or if full fee already paid then 462.00 due	Full fee due or if full fee already paid then 462.00 due
Approval/ Variation/ Discharge of Condition	Application for removal or variation of a condition following grant of planning permission	S	234.00	234.00
	Request for confirmation that one or more planning conditions have been complied with	S	34.00	34.00
	Request for confirmation that one or more planning conditions have been complied with	S	116.00	116.00



## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
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 dwellings	S	462.00 for each	462.00 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	S	22,859 plus 138.00 each for each additional dwelling house up to a maximum of 300,000	22,859 plus 138.00 each for each additional dwelling house up to a maximum of 300,000
	Other changes of use, other material change of use of a building or land	S	462.00	462.00
Change of Use or Householder Development in areas where Permitted Development rights have been removed through an Article 4 Notice	Change of use from Dwellinghouse (Use Class C3) to Houses in Multiple Occupation (Use Class C4)	S	462.00	462.00
	Alterations/extensions to a <b>single dwellinghouse</b> , including works within boundary	S	206.00	206.00
Application for a Non-material Amendment Following a Grant of Planning Permission	Applications in respect of householder developments	S	34.00	34.00
	Applications in respect of other developments	S	234.00	234.00
Application for Permission in Principle (valid from 1 June 2018)	Site area	S	402.00 for each 0.1 hectare (pr part therof)	402.00 for each 0.1 hectare (pr part therof)
Copy of decision notice		Non - S	27.50	28.50
Copy Tree Preservation order		Non - S	27.50	28.50
Copy of Appeal Decision Notice		Non - S	27.50	28.50
Copy of Enforcement Notices		Non - S	27.50	28.50
Copy of Section 106		Non - S	55.00	57.00
Photocopying				
A4	per sheet	Non - S	1.50	1.60
A3	per sheet	Non - S	2.00	2.20
A2	per sheet	Non - S	6.00	6.50
A1	per sheet	Non - S	8.00	8.50
A0	per sheet	Non - S	15.00	16.00
Ordnance Survey Extracts	Set of 6 A4 extracts of 1:500 scale	Non - S	35.00	37.50
	Set of 6 A4 extracts of 1:1250 scale	Non - S	35.00	37.50
	Set of 6 A4 extracts of 1:2500 scale	Non - S	35.00	37.50
Planning Policy Documents	Consultants' Reports	Non - S	POA	POA
	Local Plans various stages of development and all supporting documents	S & Non-S	POA	POA
Pre-Application Advice	Largescale Major Developments	Non - S	POA	POA
	Other Major Development Dwellings	Non - S	15% of fee	15% of fee
	Other Major Development Offices/Research and Development/Light industry	Non - S	15% of fee	15% of fee
	Other Major Development Heavy Industry/Storage/Warehousing	Non - S	15% of fee	15% of fee
	Other Major Development Retail, Distribution and Servicing	Non - S	15% of fee	15% of fee
	All other major development	Non - S	15% of fee	15% of fee

## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
	Minor Development 1 dwelling	Non - S	75.00	80.00
	Minor Development 2-5 dwellings	Non - S	250.00	260.00
	Minor Development 6-9 dwellings	Non - S	450.00	465.00
	All other Minor Development	Non - S	15% of fee	15% of fee
	Change of Use to House in Multiple Occupation	Non - S	110.00	125.00
	Change of Use	Non - S	75.00	80.00
	Householder Developments	Non - S	35.00	37.50
	Advertisements	Non - S	35.00	37.50
	Listed Building Consent to alter/extend/demolish	Non - S	110.00	125.00
	Conservation Area Consents	Non - S	110.00	125.00
	Meetings and/or Site Visits (per 30 Minutes) in addition to the pre-application charge applicable above	Non - S	95.00	100.00
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	25.00	26.00
	History and Investigation	Non - S	95.00 per half hr	100 per half hr
	Other (not included in the above)	Non - S	95.00 per half hr	100 per half hr
Planning Performance Agreement	Individual Cases	S	negotiable on an individual case	negotiable on an individual case
	Return Invalid Planning Application Fee	Non - S	50.00	50.00
<b>Building Control</b>				
New Dwellings up to 300m <sup>2</sup> :				
Number of Dwellings				
1 to 2 Dwellings as set out				
	1 Plan Charge	S	147.2	147.2
	1 Inspection Fee	S	441.63	441.63
	1 Building Notice Charge	S	647.7	647.7
	1 Regularisation Charge	S	686.97	686.97
	2 Plan Charge	S	182.26	182.26
	2 Inspection Fee	S	546.77	546.77
	2 Building Notice Charge	S	801.92	801.92
	2 Regularisation Charge	S	850.53	850.53
For Three or more dwellings, or if the floor area of the dwellings exceeds 300m <sup>2</sup> , the charge is individually determined				
Detached garage of car port up to 40m <sup>2</sup>	Plan Charge	S	240.34	240.34
	Inspection Fee	S	Included in Plan Charge	Included in Plan Charge
	Building Notice Charge	S	265.2	265.2
	Regularisation Charge	S	260.36	260.36
Attached single storey extension of garage or car port up to 40m <sup>2</sup>	Plan Charge	S	120	120
	Inspection Fee	S	140.36	140.36
	Building Notice Charge	S	260.36	260.36
	Regularisation Charge	S	282.06	282.06
Domestic extension up to 10m <sup>2</sup>	Plan Charge	S	120	120
	Inspection Fee	S	220.48	220.48
	Building Notice Charge	S	340.48	340.48
	Regularisation Charge	S	368.85	368.85
Domestic extension 10m <sup>2</sup> to 40m <sup>2</sup>	Plan Charge	S	120	120
	Inspection Fee	S	308.6	308.6
	Building Notice Charge	S	428.6	428.6
	Regularisation Charge	S	464.32	464.32
Domestic extension 40m <sup>2</sup> to 100m <sup>2</sup>	Plan Charge	S	120	120
	Inspection Fee	S	420.76	420.76
	Building Notice Charge	S	540.76	540.76
	Regularisation Charge	S	585.82	585.82

## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
A minimum charge for rooms in the roof is	Plan Charge	S	120	120
	Inspection Fee	S	288.58	288.58
	Building Notice Charge	S	408.58	408.58
	Regularisation Charge	S	442.62	442.62
A Minimum charge for rooms in the roof with dormer	Plan Charge	S	120	120
	Inspection Fee	S	343	343
	Building Notice Charge	S	463	463
	Regularisation Charge	S	501.63	501.63
Conversion of a habitable room(s)	Plan Charge	S	60	60
	Inspection Fee	S	200.36	200.36
	Building Notice Charge	S	260.36	260.36
	Regularisation Charge	S	282.06	282.06
The introduction of insulation as part of a re-roof work, re-rendering/plastering and replacement ground floors that does not include changes to structural members	Plan Charge	S	200.28	200.28
	Inspection Fee	S	Included in Plan Charge	Included in Plan Charge
	Building Notice Charge	S	200.28	200.28
	Regularisation Charge	S	216.97	216.97
Domestic external window & door replacements (up to 5)	Building Notice Charge	S	160.22	160.22
	Regularisation Charge	S	173.58	173.58
Domestic external window & door replacements (over 5)	Building Notice Charge	S	To be individually determined	To be individually determined
	Regularisation Charge	S	To be individually determined	To be individually determined
Domestic Internal Alterations, installation of fittings and/or structural work				
Estimated Cost of Building Works £				
0 - 2,000	Plan Charge	S	160.22	160.22
	Building Notice Charge	S	160.22	160.22
	Regularisation Charge	S	173.58	173.58
2,001 - 5,000	Plan Charge	S	200.38	200.38
	Building Notice Charge	S	200.38	200.38
	Regularisation Charge	S	216.97	216.97
For schemes exceeding £5,000 estimated contract price the charge is individually determined				
Charges for all Non-Domestic Building Work				
Estimated Cost of Building Works £				
0 - 2,000	Plan Charge	S	200.28	200.28
	Building Notice Charge	S	200.28	200.28
	Regularisation Charge	S	216.97	216.97
2,001 - 5,000	Plan Charge	S	240.34	240.34
	Inspection Fee	S		
	Building Notice Charge	S	240.34	240.34
For schemes exceeding £5,000 estimated contract price the charge is individually determined				
Electrical Work - minimum charge when not carried out in conjunction		Non - S	198	198
	Regularisation Charge	Non - S	214.5	214.5
Fees for Dealing with Dangerous Structures				
Surveyors Mileage Costs		Non - S	45p per mile	45p per mile

## Fees & Charges

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Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
Surveyors Time Costs		Non - S	Between £20.00 to £31.00 per hour	Between £20.00 to £31.00 per hour
Administration		Non - S	51	51
Cost of work to make structure safe will depend on the amount and type of work involved				
Exempt Building Certificate		S	29	29
Retrieval of Plans to enable copies of Certificates to be issued		Non - S	30.5	30.5
Copies of Certificates	Per Copy	Non - S	10	10
To view Historic / Stored Files		Non - S	214	214
Letters of Confirmation of works carried out if files not available		Non - S	46	46
<b>Street Naming and Numbering Charges</b>				
Existing Properties House Name Change		S	63	63
New Properties Numbering / Naming	1 - 5 Plots	S	185	185
	6 - 25 Plots	S	296	296
	26 - 75 Plots	S	700	700
	76+ Plots	S	945	945
Additional charge where this includes Naming of a Building (e.g. Block of Flats)		S	126	126
<b>Existing Streets</b>				
Renaming of Street where requested by residents		S	220.50 plus 21.00 per property	220.50 plus 21.00 per property
<b>New Streets</b>				
Additional Charge to House Numbering where this includes naming of street	Per Street	S	152	152
<b>Amendments to Schedule</b>				
Amending Schedule of development already issued following plot change by developer	Per Plot Affected	S	39	39
<b>Guildhall Room Hire</b>				
Mon - Fri. 8am till 8.30pm per hr	Great Hall	Non - S	63.00	66.00
	Court Room	Non - S	42.00	44.00
	Ceremony Room (Mon-Fri after 6pm)	Non - S	26.25	27.56
	Dressing Rooms (2) (to be booked with hall only)	Non - S	21.00	22.05
	Jeyes Room	Non - S	26.25	44.00
	Gallery Room	Non - S	26.25	27.56
	Godwin Room	Non - S	26.25	27.56
	Council Chambers	Non - S	42.00	44.00
	Jeffery Room	Non - S	42.00	44.00
	Holding Room	Non - S	26.25	27.56
	Courtyard & Cloister (Mon-Fri after 6pm & Sat)	Non - S	31.50	33.00
	Mezzanine Area (Mon-Fri after 6pm & Sat)	Non - S	31.50	33.00
	OSS Reception Area (Mon-Fri after 5.30pm and Sat)	Non - S	31.50	33.00
Mon - Fri. per hr after 8.30pm	Great Hall	Non - S	108.00	113.00
	Court Room	Non - S	72.00	75.60
	Ceremony Room (Mon-Fri after 6pm)	Non - S	72.00	75.60

## Fees & Charges

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Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
	Dressing Rooms (2) (to be booked with hall only)	Non - S	24.00	22.05
	Jeyes Room	Non - S	72.00	75.60
	Gallery Room	Non - S	72.00	75.60
	Godwin Room	Non - S	72.00	75.60
	Council Chambers	Non - S	72.00	75.60
	Jeffery Room	Non - S	72.00	75.60
	Holding Room	Non - S	72.00	75.60
	Courtyard & Cloister (Mon-Fri after 6pm & Sat)	Non - S	60.00	63.00
	Mezzanine Area (Mon-Fri after 6pm & Sat)	Non - S	60.00	63.00
	OSS Reception Area (Mon-Fri after 5.30pm and Sat)	Non - S	60.00	63.00
Saturdays per hr	Great Hall	Non - S	108.00	113.00
	Court Room	Non - S	72.00	75.60
	Ceremony Room (Mon-Fri after 6pm)	Non - S	72.00	75.60
	Dressing Rooms (2) (to be booked with hall only)	Non - S	24.00	22.05
	Jeyes Room	Non - S	72.00	75.60
	Gallery Room	Non - S	72.00	75.60
	Godwin Room	Non - S	72.00	75.60
	Council Chambers	Non - S	72.00	75.60
	Jeffery Room	Non - S	72.00	75.60
	Holding Room	Non - S	72.00	75.60
	Courtyard & Cloister (Mon-Fri after 6pm & Sat)	Non - S	60.00	63.00
	Mezzanine Area (Mon-Fri after 6pm & Sat)	Non - S	60.00	63.00
	OSS Reception Area (Mon-Fri after 5.30pm and Sat)	Non - S	60.00	63.00
Sundays & Bank Hols Per hr	Great Hall	Non - S	152.25	160.00
	Court Room	Non - S	105.00	110.00
	Ceremony Room (Mon-Fri after 6pm)	Non - S	105.00	110.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	21.00	22.05
	Jeyes Room	Non - S	105.00	110.00
	Gallery Room	Non - S	105.00	110.00
	Godwin Room	Non - S	105.00	110.00
	Council Chambers	Non - S	105.00	110.00
	Jeffery Room	Non - S	105.00	110.00
	Holding Room	Non - S	105.00	110.00
	Courtyard & Cloister (Mon-Fri after 6pm & Sat)	Non - S	105.00	110.00
	Mezzanine Area (Mon-Fri after 6pm & Sat)	Non - S	105.00	110.00
	OSS Reception Area	Non - S	105.00	110.00
Investors Suite Room Hire	Investors Suite Room Hire Per Day	Non - S	250.00	262.50
	Investors Suite Room Hire Per Half Day	Non - S	150.00	157.50
Wedding Ceremony Rates	Great Hall	Non - S	787.50	826.00
	Court Room	Non - S	525.00	551.00
	Council Chamber	Non - S	525.00	551.00
	Holding Room	Non - S	420.00	441.00
	Great Hall (Sundays & Bank Holidays)	Non - S	1575.00	1652.00
	Court Room (Sundays & Bank Holidays)	Non - S	1050.00	1102.00
	Council Chamber (Saturday & Bank Holidays)	Non - S	1050.00	1102.00
	Holding Room (Sundays & Bank Holidays)	Non - S	840.00	882.00
Reception Prices	The Spencer Package	Non - S	1995.00	2094.00
	The Jeffery Package	Non - S	1417.50	1488.00
	The Tilley Package	Non - S	997.50	1047.00
	The Godwin Package	Non - S	480.00	504.00
<b>Museum Service</b>				
Abington Park Museum	Great Hall/Function Room Hire			
	Core Day Time Rates			
	Monday/Friday and Saturday/Sunday, One Room	Non - S	250	250
	half day: 9am - 1pm or 1pm - 5pm			
	Monday/Friday and Saturday/Sunday, Both	Non - S	450	450
	Rooms half day: 9am - 1pm or 1pm - 5pm			

**Fees & Charges**

**Appendix 8**

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT	
Abington Park Museum	Monday/Friday and Saturday/Sunday, One Room full day: 9am - 5pm	Non - S	450	450	
	Monday/Friday and Saturday/Sunday, Both Rooms full day: 9am - 5pm	Non - S	600	600	
	Tuesday - Thursday, One Room half day: 9am - 1pm or 1pm - 5pm	Non - S	350	350	
	Tuesday - Thursday, Both Rooms half day: 9am - 1pm or 1pm - 5pm	Non - S	550	550	
	Tuesday - Thursday, One Room full day: 9am - 5pm	Non - S	550	550	
	Tuesday - Thursday, Both Rooms full day: 9am - 5pm	Non - S	800	800	
	20% discount applies to registered charities				
	Great Hall/Function Room Hire				
	Core Evening offer				
	Monday to Sunday Early evening 5pm - 8pm	Non - S	270.00	270.00	
	Monday to Sunday Late evening 6pm - 11pm	Non - S	450.00	450.00	
	Additional hourly daytime rate before 1pm	Non - S	62.50 per hour	62.50 per hour	
	Additional hourly evening up to midnight outside core offer	Non - S	90 per hour	90 per hour	
	Additional hourly evening rate after midnight outside core offer	Non - S	110 per hour	110 per hour	
20% discount applies to registered charities					
Table hire and cloth hire - all orders incur an additional £17 delivery charge					
6ft circular table seats up to 8	Non - S	8.70 each	8.70 each		
4ft circular seats up to 6	Non - S	5.10 each	5.10 each		
118" cloth fits 6ft circular table	Non - S	9.54	9.54		
90" cloth fits 4ft circular table	Non - S	6.90	6.90		
Abington Park Museum	Wedding ceremonies				
	Sunday to Thursday one room 2 hours	Non - S	750.00	750.00	
	Sunday - Thursday additional hours	Non - S	250 hour	250 hour	
	Sunday - Thursday Full day (from 11am - 11pm)	Non - S	2,000.00	2,000.00	
	Friday one room 2 hours	Non - S	1,000.00	1,000.00	
	Friday additional hours	Non - S	350.00	350.00	
	Friday Full day (from 11am - 11pm)	Non - S	3,000.00	3,000.00	
	Saturday one room 2 hours	Non - S	1,250.00	1,250.00	
	Saturday additional hours	Non - S	450.00	450.00	
	Saturday Full day (from 11am - 11pm)	Non - S	4,500.00	4,500.00	
	Refreshments	Non - S	1.80	1.80	
	Talks	Talks	Non - S	65 plus travel costs	65 plus travel costs
	Image Reproduction	Prints (Colour or Monochrome) from existing digital images			
A4		Non - S	30 each	30 each	
A3		Non - S	36 each	36 each	
A2		Non - S	72 each	72 each	
A1		Non - S	108 each	108 each	
AO		Non - S	180 each	180 each	
High resolution digital image from existing digital images		Non - S	36 each	36 each	
Books					
Print run up to 1000 units single country inner page		Non - S	36	36	
Print run up to 1000 units single country cover page		Non - S	72	72	
Print run over 1000 units single country inner page		Non - S	72	72	
Print run over 1000 units single country cover page		Non - S	240	240	
Print run over 1000 units world inner page		Non - S	120	120	
Print run over 1000 units world cover page		Non - S	360	360	
Magazines and newspapers (inc web use for same feature)					
Local - inner page		Non - S	36	36	
Local - cover page		Non - S	72	72	

**Fees & Charges**

**Appendix 8**

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
	National - inner page	Non - S	96	96
	National - cover page	Non - S	240	240
	Television (cable, digital, satellite, terrestrial & web streaming / on-demand)			
	Provincial broadcast (two broadcasts)	Non - S	60	60
	Single country broadcast (two broadcasts)	Non - S	120	120
	World broadcast (two broadcasts)	Non - S	180	180
	5 year buyout	Non - S	300	300
	All retail DVD, Blu-Ray and direct pay per view will require a five year buyout rights)			
	Commercial Web, Product & Site use (eg display panels, exhibition guides, greeting cards, stationery etc)			
	One time use, local business	Non - S	90	90
	One time use, Non local business	Non - S	150	150
	5 year buyout	Non - S	300	300
	Images for use in exhibition guides that are not for commercial gain can be utilised free of charge, subject to reasonable use. Where images are used in conjunction with an exhibition where income will be made, the above charges will apply.			
	Prices are exclusive of delivery charge			
	Creating new digital images (where images don't already exist in our library but can be made from our objects in our museum collections)			
	Scanning	Non - S	18	18
	In-house photography	Non - S	36	36
	External photography	Non - S		
	Delivery charges (for print and digital images)			
	By email of FTP	Non - S	Free	Free
	By CD	Non - S	7 per disc	7 per disc
	UK/International 0-25	Non - S	1.5	1.5
	UK/International 0-25	Non - S	3	3
	UK 25+	Non - S	3	3
	International 25+	Non - S	6	6
	In additional, all overseas orders (to cover payment costs)	Non - S	15	15
Learning Sessions	Onsite Learning sessions at Abington Park Museum, max number of pupils 35			
	History of shoes KS1 & 2 - 1.5 hours	Non - S	80	80
	Shoemaking KS2 - 1.5 hours	Non - S	92	92
	Stone Age to Iron Age KS1 & 2 - 1.5 hours	Non - S	80	80
	Archaeological Dig KS1 & 2 - 1.5 hours	Non - S	80	80
	Anglo Saxon and Viking Life KS2 - 1.5 hours	Non - S	80.00	80.00
	Toys Reception/KS1 - 1.5 hours	Non - S	80.00	80.00
	Homes in the Past KS 1 & 2 - 1.5 hours	Non - S	80.00	80.00
	Ancient Egyptians KS2 - 2 hours	Non - S	110.00	110.00
	Investigating the Victorians KS1 & 2 - 1.5 hours	Non - S	80.00	80.00
	Museum Outreach Sessions: each outreach visit lasts 2 hours & is for 2 classes of 35 pupils, one hour for each class			
	Additional classes can be booked on the same day: 1 class of up to 35 pupils - 1 hour £65; 2 classes up to 70 pupils - 2 hours £85			
	Romans/Archaeology	Non - S	105 plus mileage	105 plus mileage
	Tudors	Non - S	106 plus mileage	106 plus mileage
	Victorians	Non - S	107 plus mileage	107 plus mileage
	World War Two	Non - S	108 plus mileage	108 plus mileage
	Shoemaking	Non - S	109 plus mileage	109 plus mileage
	Toys	Non - S	110 plus mileage	110 plus mileage
	Museum Loans Boxes price for up to half a term (approx 6 weeks)			
	In our Shoes	Non - S	55.00	55.00
	Shoe Chests	Non - S	55.00	55.00

## Fees & Charges

Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
	Toys	Non - S	55	55
	Wooden Toys - Mini Box	Non - S	25	25
	The Victorian Child	Non - S	55.00	55.00
	The Victorian Home	Non - S	55.00	55.00
	The Second World War - Evacuee Suitcase	Non - S	55.00	55.00
	Second World War - The Home Front	Non - S	55.00	55.00
	Second World War - Soldier	Non - S	55.00	55.00
	World Culture Boxes	Non - S	55.00	55.00
	Medicine Through Time	Non - S	55.00	55.00
<b>Car Parks ****</b>				
Charges	Up to 1 hour	Non - S	0.60	2.00
	Up to 1 hour (MSCP only)		Free	Free
	Up to 2 hours	Non - S	1.20	2.00
	Up to 2 hours (MSCP only)		Free	Free
	Up to 3 hours	Non - S	2.40	4.00
	Up to 4 hours	Non - S	3.20	4.00
	Up to 5 hours	Non - S	4.00	4.00
	All Day	Non - S	8.00	8.00
	Evening*	Non - S	1.00	3.00
	Overnight*	Non - S	2.50	3.00
	Saturdays (MSCP only)		2.00	2.00
	Sunday	Non - S	2.00	2.00
	Coaches	Non - S	8.00	8.00
	* Selected Car Parks Only			
	Monthly - 7 day	Non - S	120.00	120.00
	Annual - 7 day	Non - S	1,296.00	1,296.00
Permits	Town Centre Annual Parking Permits	Non - S	360.00	360.00
	Commuter Permits	Non - S	600.00	600.00
**** Note that car parking charges are subject to a Cabinet decision on 20th February, and may change depending on the outcome of that Cabinet meeting.				
<b>Market Stall Rents</b>				
Permanent Trader Rates				
Winter Rates				
Standard	Tues - Thurs	Non - S	7.00	7.00
	Fri	Non - S	10.00	10.00
	Sat	Non - S	15.00	15.00
1st Class	Tues & Weds	Non - S	9.50	9.50
	Thurs	Non - S	9.00	9.00
	Fri	Non - S	12.50	12.50
	Sat	Non - S	17.50	17.50
2nd Class	Tues & Weds	Non - S	8.50	8.50
	Thurs	Non - S	7.00	7.00
	Fri	Non - S	11.50	11.50
	Sat	Non - S	16.50	16.50
Summer Rates				
Standard	Tues - Weds	Non - S	10.00	10.00
	Thurs	Non - S	8.00	8.00
	Fri	Non - S	12.00	12.00
	Sat	Non - S	25.00	25.00
1st Class	Tues & Weds	Non - S	16.00	16.00
	Thurs	Non - S	10.00	10.00
	Fri	Non - S	18.00	18.00
	Sat	Non - S	31.00	31.00
2nd Class	Tues & Weds	Non - S	14.50	14.50
	Thurs	Non - S	8.00	8.00
	Fri	Non - S	16.50	16.50
	Sat	Non - S	29.50	29.50
Casual Trader Rates				
Winter Rates				
Standard	Tues - Thurs	Non - S	10.00	10.00



## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
1st Class	Fri	Non - S	12.00	12.00
	Sat	Non - S	20.00	20.00
	Tues & Weds	Non - S	12.50	12.50
	Thurs	Non - S	12.00	12.00
2nd Class	Fri	Non - S	14.50	14.50
	Sat	Non - S	22.50	22.50
	Tues & Weds	Non - S	11.50	11.50
	Thurs	Non - S	10.00	10.00
Summer Rates Standard	Fri	Non - S	13.50	13.50
	Sat	Non - S	21.50	21.50
	Tues - Weds	Non - S	12.00	12.00
	Thurs	Non - S	10.00	10.00
1st Class	Fri	Non - S	18.00	18.00
	Sat	Non - S	30.00	30.00
	Tues & Weds	Non - S	18.00	18.00
	Thurs	Non - S	12.00	12.00
2nd Class	Fri	Non - S	24.00	24.00
	Sat	Non - S	36.00	36.00
	Tues & Weds	Non - S	16.50	16.50
	Thurs	Non - S	10.00	10.00
Housing Fees	Fri	Non - S	22.50	22.50
	Sat	Non - S	34.50	34.50
	Tues & Weds	Non - S	16.50	16.50
	Thurs	Non - S	10.00	10.00
Mandatory, and Additional, HMO Licence - Standard Fee	Processing Application & Granting of Licence for Mandatory/Additional HMO (5 Year Term) for upto 5 persons. For each additional person the fee will increase by £30	Non - S	735.00	1500.00 plus £40.00 for each additional person
Mandatory, and Additional, HMO Licence - If applied for on time	Processing Application & Granting of Licence for Mandatory/Additional HMO (5 Year Term) for upto 5 persons. For each additional person the fee will increase by £30	Non - S	585.00	1020.00 plus £40.00 for each additional person
Mandatory, and Additional, HMO Licence - If applied for before it expires	Processing Application & Granting of Licence for Mandatory/Additional HMO (5 Year Term) for upto 5 persons. For each additional person the fee will increase by £30	Non - S	535.00	900.00 plus £40.00 for each additional person
Licensable HMO's	Cost of Officer Attendance to help complete the Online Application	Non - S	65.00	75.00 + VAT
Licensable HMO's	Pre-Application Inspection. Will be charged for missed, or cancelled, inspections where 24 hours notice has not been given	Non - S	65.00	150.00 + VAT for pre-inspection. 75.00 for missed or cancelled inspection
Licensable HMO's	Variation to a licence	Non - S	105.00	120.00
All privately owned Properties (including Empty homes)	Cost if served with a Suspended Improvement Notice, an Improvement Notice, a Prohibition Order or take Emergency Remedial Action	Non - S	420.00	450.00
All privately owned Properties (including Empty homes)	Cost if served with an Emergency Prohibition Order	Non - S	475.00	500.00
All privately owned Properties (including Empty homes)	Cost to consider a revocation request to remove a Prohibition/Emergency Prohibition Notice	Non - S	210.00	225.00
Immigration	Request for Letter confirming property is satisfactory for intended immigrant	Non - S	210.00	225.00 + VAT
Housing Act - Enforcement	Charging for taking Enforcement Action including works in default	S	Cost of work plus £260 or 15%, whichever is the greater	Cost of work plus either 300.00 or 15% whichever is the greater
Viewing of Registers	Free Office Viewing or Internet (where applicable) – charge for copy and for Officer time if this exceeds 30 mins	Non - S	Excluding the first 30 minutes (which is free) the cost of Officer Attendance is £65 an hour or part thereof.	Excluding the first 30 minutes (which is free) the cost of Officer Attendance is 75.00 + VAT an hour or part thereof.
RSL Framework	Registration	Non - S	NPH	NPH
Choice Based Lettings	Flat rate charge for Advertising a Property	Non - S	NPH	NPH
Travellers Site Charges	Pitch Fee	Non - S	56.65 per week	56.65 per week
	Water	Non - S	10.30 per week	10.30 per week
<b>Land Charges</b>				
Standard Fees	Official LLC1 + CON29 enquiries search	Non - S	108.00	108.00
	Official LLC1 only certificate of search	Non - S	48.00	48.00

## Fees & Charges

## Appendix 8

Activity / Item	Basis	Statutory / Non-Statutory	2018/19 Value inc VAT	2019/20 Value inc VAT
Non Standard Fees	CON29O enquiries - question 4-22 inclusive when submitted with accompanying CON29R - each	Non - S	18.00	18.00
	CON29O enquiries submitted without an accompanying CON29R - additional admin fee (plus £15 per question)	Non - S	13.20	13.20
	Additional enquiries - each	Non - S	24.00	24.00
Additional Parcel Fees	CON29R additional parcels of land	Non - S	12.60	12.60
	LLC1 additional parcel fee (up to an additional 16 parcels)	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 an additional 16 parcels)	Non - S	0.00	0.00
Unrefined CON29R (Raw) data enquiries	Q1.1 (f-h)	Non - S	24.00	24.00
	Q3.7 (a-d, f); Q3.8; Q3.9	Non - S	2.40	2.40
	Q3.10; Q3.11	Non - S	1.20	1.20

### Notes

Non S - Non Statutory

S - Statutory function

\*\* - Licence fees highlighted with an asterisks are subject to change pending licensing committee decision

**Draft Extract of the minutes of the meeting of the Overview and Scrutiny Committee of 4 February 2019**

**O&S Reporting and Monitoring Working Group – General Fund MTFP 2019 – 2023 and Council wide draft budget 2019/2020, Housing Revenue Account (HRA), Rent Setting 2018/2019 and Budget Projections 2019 to 2022 2023**

Councillor Beardsworth addressed the Committee commenting that she had asked the S151 Officer and received a full briefing, about the budget as there was little information available on the Internet. She was concerned about the proposed Council Tax increases from the Police and NCC; she conveyed concern about how some people would manage to pay this increase. She commented on Government funding cuts to Local Authorities. She urged the Committee to write to Central Government in this respect. Councillor Beardsworth added that she felt that austerity measures were having an impact, and they often had to make a choice between heating their home or food.

Councillor Beardsworth was thanked for her address.

The Chair advised that the O&S Working Group had met recently and considered the draft budget in detail and had proposed four items from the draft budget for the Committee to budget-scrutinise:

**HRA Delivery Programme**

The Cabinet Member for Housing and Wellbeing advised that there is a 10 year plan for the NBC HRA Delivery Programme through NPH; it is based on a minimum of 1,000 more homes in that period. NPH had commented that they could provide more than this target. NBC through NPH had submitted a bid to seek an increase in the cap, but the Government has now removed this cap. The Council is working to the original 10 year plan.

The Committee heard that Capita, external advisors, had undertaken independent verification of the 10-30 plan. NBC via NPH is due to complete 75 new homes this year then 150 further homes every year from 2020.

The Committee made comment, asked questions and heard:

- It was commented that the Committee was very pleased with this progress, it is step in the right direction.
- The Committee welcomed the new homes to be built.
- In response to a query regarding the types of houses to be built, it was reported that NBC in conjunction with NPH have devised the pipeline and the bid provides specific details on the individual schemes, including where and what type of housing is planned, subject to planning permissions etc

### **Restructure of Housing Options and Advice Team**

The Head of Housing and Wellbeing advised that he had not yet consulted with staff on the proposed restructure of Housing Options and Advice Team. The proposed growth is to enable expansion of Team, providing extra management capacity. It was added that it would expand homelessness prevention Team and create a single homeless pathway team, an additional 10 posts are proposed to be created. The Head of Housing and Wellbeing advised that every job description in the department had changed to ensure the service can perform as efficiently and effectively as possible.

The Committee made comment, asked questions and heard:

- Concerns were conveyed that this a specialised area of knowledge and expertise and whether NBC would be able to recruit to the posts. It was realised that this is a big challenge. The Head of Housing and Wellbeing advised that he has spent a lot of time re-writing job descriptions. Good quality job descriptions raise performance by 25%. It is expected that the Authority can attract people who want a job that can make a difference to these Posts

### **Central Museum Development**

The Head of Economy, Assets and Culture and the Cabinet Member for Community Engagement and Safety addressed the Committee. It was commented that a video of the development had been produced and this would be brought to a future meeting. Computer generated images would also be provided.

The Committee heard that the project had a budget of £6.7million, it was within budget and the Museum would open in March 2020. It would be completed this year but would then it would be internally refurbished.

The Chair advised that he had had sight of the plans, which were excellent.

### **Environmental Services Contract Review**

The Cabinet Member for Environment, Head of Customer and Cultural Services, and the Environmental Services Contract Manager addressed the Committee.

A short presentation was given to the Committee. It was commented that the contract is positive but it was also recognised there are some challenges that would be addressed. It was an innovative contract. There is a need to be clear on the goals for example recycling has increased and fly-tipping reduced. In the second half of the year there has been a 10% drop in fly-tipping, recycling is also up 10%, and there will be a further increase following the roll out of wheelie bins.

The Committee made comment, asked questions and heard:

- It was queried whether the proposed reduction in bulky waste collection fees would have an effect. It was noted that this would have a cost implication of £2,500 per quarter. The Cabinet Member confirmed that it would have to be rolled out and the effect monitored as a pilot.
- Previously a wait of 16 weeks for bulky waste had been usual and often waste had been fly tipped. The Cabinet Member advised that responsible businesses do not fly-tip. Officers are currently looking at the Council's Website to ascertain how bulky waste collection can be booked electronically.
- In response to a comment that the main NCC refuse site is closed two days a week and this is perceived to increase fly tipping, the Cabinet Member advised that there is always a facility open and available 7 days a week but it might be in different locations of the borough; it would however be useful for there to be flexibility in the opening hours, such as earlier opening.
- The Committee supported the proposed reduction in bulky waste collection fees and suggested there is a need for enforcement action for fly-tipping. The Cabinet Member for Environment advised that there would be more enforcement action and that CCTV would not necessarily solve it. He informed the Committee of another Local Authority that had introduced a "mobile tip service" which had not been successful therefore the Authority would not be introduced that but is very open to suggestions.
- Regarding the collection of bulky waste, it would be asked what the waste comprised so that any health and safety implications could be dealt with.

### **Sacrificial Sacks**

It is proposed that the trial would go from April 2019. There are 18,000 properties in the borough that do not have recycling bins. 900 homes in Far Cotton have been chosen to trial the sacks.

The Wardens work hard in Far Cotton regarding littering enforcement. Warden keen to catch people dropping litter incorrectly. It is proposed to be a one year trial. If successful, the trial will then move on to other areas. There are financial implication such as the need for a bag splitter should the trial be rolled out a cost of £100,000. If rolled out over the Borough conversations will take place regarding who will become responsible for this cost.

### **Food Waste**

This proposal could bring in a saving of around £375,000 per year. The disposal of food waste needs to be communicated better to residents.

The Committee supported "caddy bags" and suggested large bags could be issued for the wheeled bins. The Cabinet Member confirmed this could be looked at for the future,

The Committee heard that the disposal of nappies was a huge issue and a lot of work had been undertaken in London regarding fabric nappies.

### **Review the public convenience provision**

The Committee heard that it was proposed to close the public conveniences in St James to anti-social behaviour; this would generate a saving of £10,000 per annum.

### **Green Waste – charging**

The Cabinet Member for Environment advised that it was proposed to charge for green waste collection as a future budget option. It was expected that this would generate an income of £700,000. A number of Councils in the county currently charge for this service. The charge is around £20 to £50 per year. It is an option for future consideration but not for 2019.

### **Review enhanced tree maintenance service (Scrutiny Review)**

Following on from a previous Scrutiny Review into tree maintenance, an enhanced service had been implemented that could generate a saving of £20,000 to £40,000 per year.

### **Community Involvement**

The Committee heard that it was proposed that TV campaigns, especially Great British Spring Clean, would be utilised communities would be engaged regarding waste disposal and recycling. It was expected that any savings would be re-invested to further improve the service plus an increase the recycling credits.

The Committee made comment, asked questions and heard:

- The Warden is the central point of contact for the public, there is currently a record number of Wardens employed by the Council.
- There are various Forums and Groups and it work is being undertaken regarding the development of a Cleaner Northampton - a virtual forum.

### **Reduction in Shop Income**

The Cabinet Member for Regeneration and Enterprise advised that a budget option had been investigated, to offer a range of tenants the opportunity to buy the shop unit that they are currently leasing. The Council would lose income from the rent but would receive a capital receipt from any sales. It would depend how many leaseholders took up this offer but an estimated figure of a maximum of £100,000 was suggested. The capital received would be reinvested into either alternative commercial property to provide income or facilities that would reduce costs.

At this point, the Committee queried whether the Councillor Community Fund would continue for 2019/2020. Confirmation was provided that it would continue for next year, but must be all spent by the end of 2019-20.

The Chair thanked Officers and Cabinet Members for the work that they had undertaken on the draft budget. He asked the Committee if they had any further questions relating to the draft Budget, none were raised. He confirmed that from the information provided the Committee was satisfied that its enquiries and queries regarding the draft budget had been answered and there was no further comment or question.

**AGREED:** That the Committee was content with the draft Budget and the responses and information provided regarding the five issues.

**Extract of the minutes of the meeting of the Audit Committee of 28 January 2019**

**6. RISK REVIEW OF THE 2019/20 BUDGET**

The Chief Finance Officer expanded on the report saying the budget was a costed plan in which assumptions had been made. £1m had been added to the Temporary Accommodation budget. The budget didn't contain many aspirations due to the impending change to the local government structure of the county and limited resources. An assumption had been made around the business rates income however mitigations were in place should this not be realised.

The previous Cabinet meeting had received a report regarding overspends, which was largely due to funding Temporary Accommodation for the homeless. He felt the known risks within the budget were manageable however there was contingency to manage the unknown.

In response to questions asked the Chief Finance Officer confirmed that local pay agreements were in operation at the Council. The Council had a corporate risk register and the Council's reserves mitigated the risks. Regardless of the impending change to local government structure the Council had to set a balance budget and have a MTFP. Any remaining reserves would be inherited by the Unitary Authorities once they took effect. He was content that the Council had a healthy level of general reserves however like all local authorities' efficiencies would be sought where possible.

In response to further questions the Chief Finance Officer explained that the Parish Council grants and precept had to be listed in the accounts even though the funding once received was paid straight out again. The Business Rate pilot scheme was being discussed by all authorities' in the County. Most of the funding received could be used against the costs of transformation to unitary authorities however this needed to be confirmed.

In response to a question the Chief Finance Officer explained that the impact of the loan to Northampton Town Football Club would have no impact on next year's budget. The Sixfields reserve was being created to manage the risks. The Chair indicated that the Committee should have oversight of this and any associated risks.

In response to questions the Chief Finance Officer indicated that further information on the Car Parking Scheme Review, the Reduced Training Budget and the Environmental Services Contract Review savings proposals should be sought from the relevant Cabinet Members and would be published in due course.

The Chief Finance Officer clarified that the role of Overview and Scrutiny was to consider budget proposals in more detail. The role of the Audit Committee was to ensure that the budget demonstrated a risk-based approach. All members were able to attend the Overview and Scrutiny sessions where more detail was provided around some of the budget proposals.

The proposal regarding restructure of the Housing Options and Advice Team would go ahead, and details would be presented to Cabinet in due course.

Members said there was a need to be clear on the risks and what was achievable around a proposal to ensure the mistakes of the past were not repeated.

The Chief Finance Officer explained that the Eleanor Cross proposal was an in-year



proposal so would not feature in next year's budget proposals and St James Link Road was not included in the current draft capital budget.

Councillor Markham stated she was a Director at NPH and asked why Horizon House was not included in the draft capital list. The Chief Finance Officer said it was a draft budget and NPH had withdrawn from NBC constructing the offices.

The Council was looking to use new homes as temporary accommodation in the future however proposals still needed to be developed. Market research had been conducted to determine the new schemes however they would only be included if there was funding or demand.

In response it was clarified that new meters had been installed at the traveller's site therefore there were annual maintenance costs to be accounted for and the Council would seek to recover those costs

**RESOLVED that: The Audit Committee considered issues in relation to risk within the budget proposals for 2019/20.**

## Budget Consultation 2019/20 – Summary Results

### **1. Introduction**

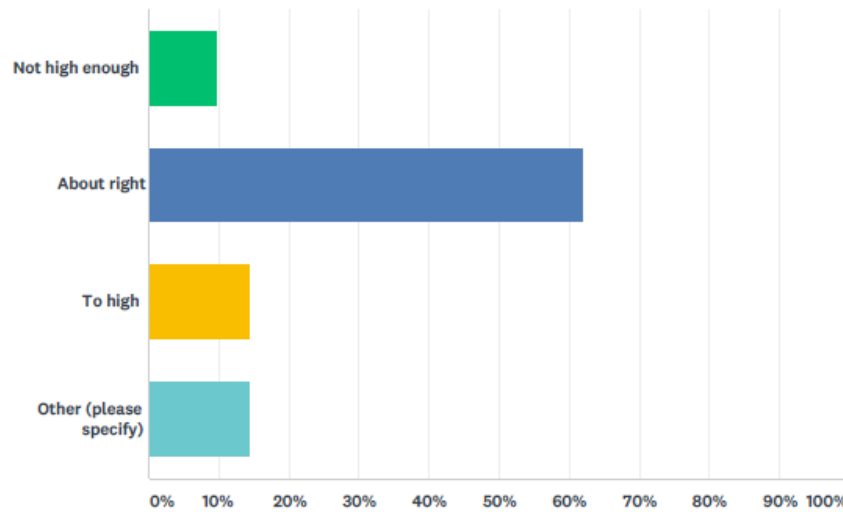
1.1. Public consultation on the 2019/20 draft budget was launched on the 21 December 2018. This included an online consultation questionnaire that was open until 1<sup>st</sup> February 2019. Paper questionnaires were also available on request. In addition a public meeting was held on 5<sup>th</sup> February 2019. The consultation period will formally close on the date the budget is approved in February 2019.

1.2. This appendix contains the summary results to the draft budget 2019/20 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).

### **2. Consultation questions**

**Q1** Northampton Borough Council is proposing a small increase in council tax in its draft budget proposals for 2019/20. This is consistent with the increase in the last year, 2018/19. We are proposing to increase council tax for all households by 2.99%. This will be the equivalent for a band D household of £6.56 per year / 12.6p per week. Doing this raises an estimated additional £448,000 in 2019/20, and this enables the Council to continue to deliver value for money services in the future. Do you think that this increase is?

Answered: 21 Skipped: 0



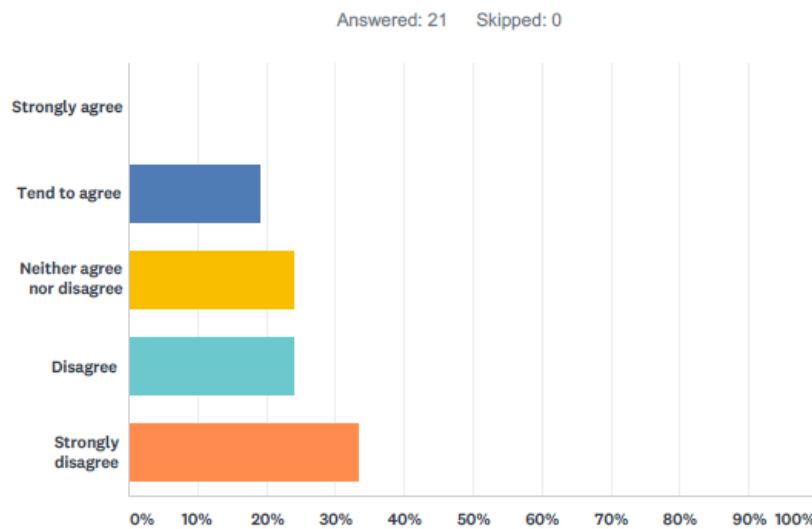
ANSWER CHOICES	RESPONSES	
Not high enough	9.52%	2
About right	61.90%	13
To high	14.29%	3
Other (please specify)	14.29%	3
<b>TOTAL</b>		<b>21</b>

**Q2** Where do you feel the Council should be spending additional funds?

A few of the responses to this question related to the services provided by the County Council, such as social care and highways. Some of the key themes of relevance to the Borough Council’s budget were:

- Cleaning up the town centre as well as suburbs
- Cleaning up roadsides, hedgerows and embankments as well as parks and open spaces
- Support for vulnerable people, especially the homeless

**Q3** Do you feel fully informed about NBC’s budget setting aims and goals?



ANSWER CHOICES	RESPONSES	
Strongly agree	0.00%	0
Tend to agree	19.05%	4
Neither agree nor disagree	23.81%	5
Disagree	23.81%	5
Strongly disagree	33.33%	7
<b>TOTAL</b>		<b>21</b>

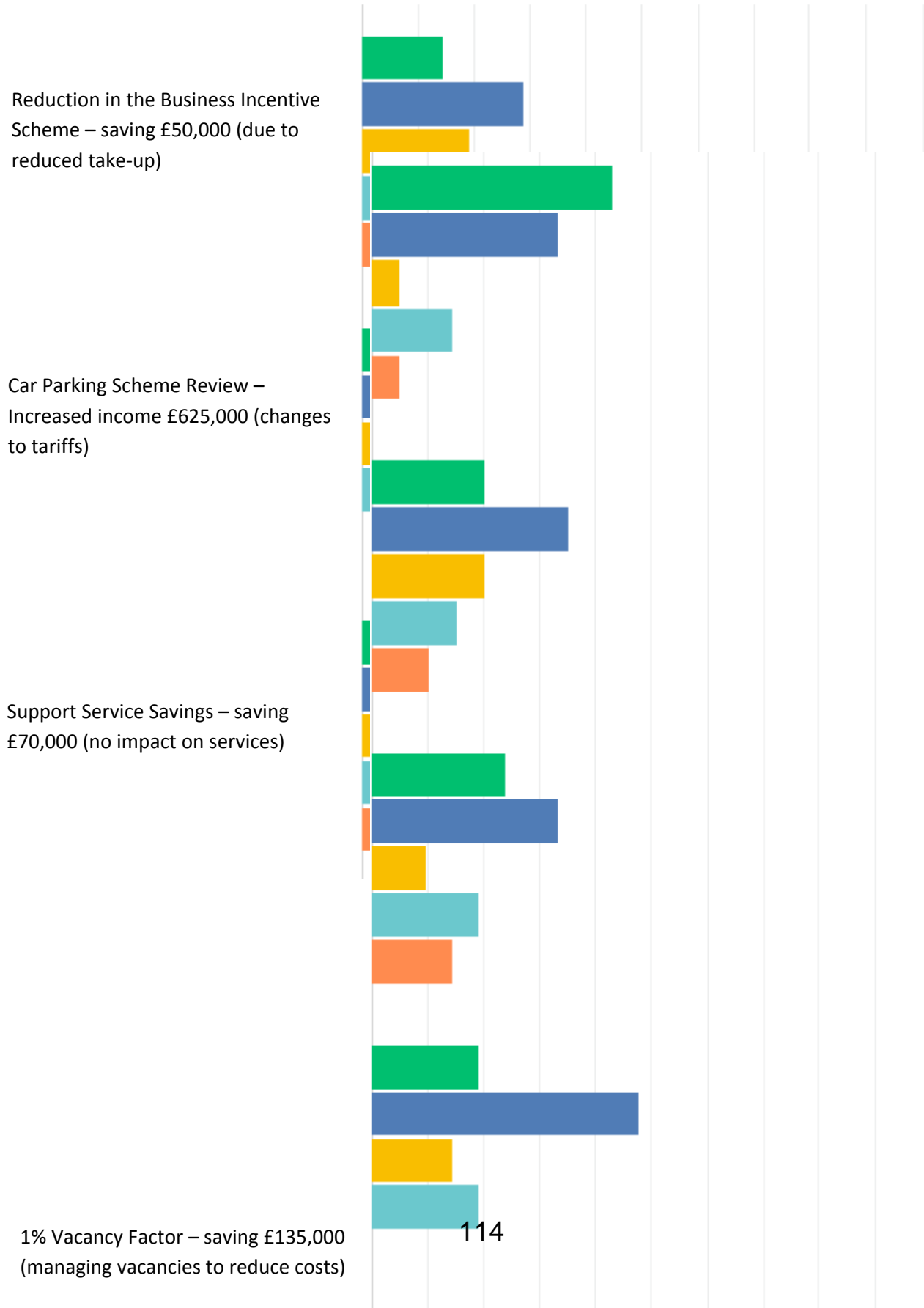
**Q4** How do you think we can reduce spend, generate income or do things differently to ensure that we maintain a balanced budget? (A balanced budget means that our expenditure needs to equal our income and is required by law).

Key themes of relevance to the Borough Council were:

- Focus on core services, and avoid costs on nonessential projects, monuments and buildings.
- Review of staffing structure, bureaucracy and reduced use of consultants and interim staff
- Regeneration of the town centre to encourage greater number of shops, restaurants and bars and to make better use of the market square.

**Q5** The key proposals for budgetary savings and growth are set out in Appendix 2 of the Cabinet budget report published on our website. Please indicate your views on these proposals

Answered: 21 Skipped: 0



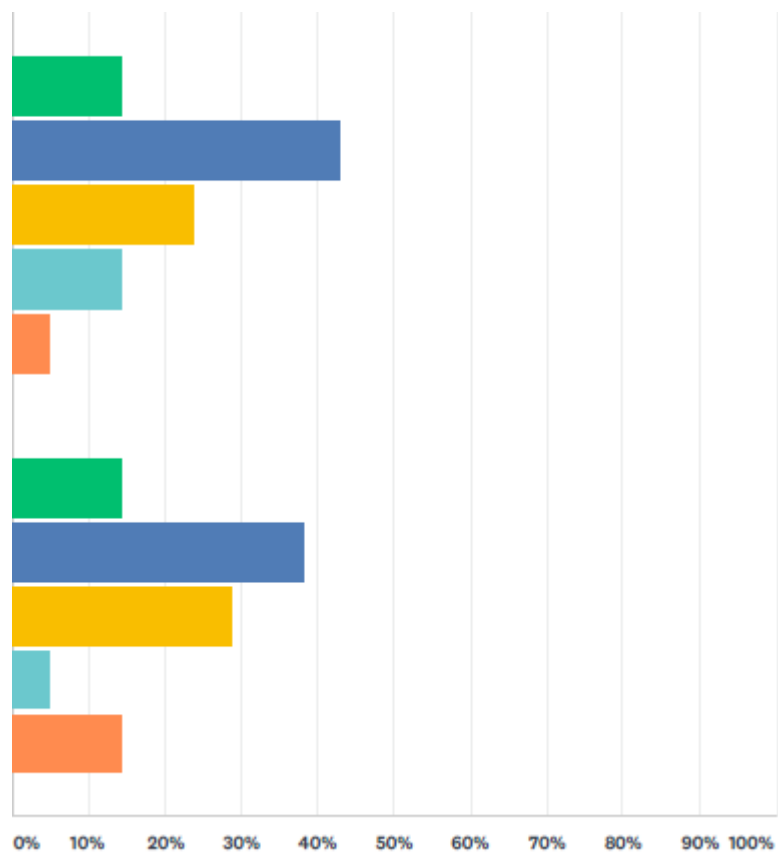
114

Environmental Services Contract  
Review – saving/income £75,000

Continuation of Northampton’s  
Nightshelter – growth of £135,000  
(provision of core budget, previously  
Restructure of Housing Options &  
Advice team – growth of £583,000 (to  
improve Housing and Homeless  
services)

Digital Officer to Support Move to  
Paperless – cost £30,000

Reduction in Shop Income – cost  
£100,000 (As a result of disposal of  
shops to capital fund new priorities,  
such as housing)



■ Strongly Agree   
 ■ Tend to agree   
 ■ Tend disagree   
 ■ Strongly disagree  
■ Don't know

	STRONGLY AGREE	TEND TO AGREE	TEND DISAGREE	STRONGLY DISAGREE	DON'T KNOW	TOTAL
Reduction in the Business Incentive Scheme – saving £50,000 (due to reduced take-up)	14.29% 3	28.57% 6	19.05% 4	23.81% 5	14.29% 3	21
Car Parking Scheme Review – Increased income £625,000 (changes to tariffs)	14.29% 3	33.33% 7	28.57% 6	23.81% 5	0.00% 0	21
Support Service Savings – saving £70,000 (no impact on services)	14.29% 3	38.10% 8	19.05% 4	14.29% 3	14.29% 3	21
1% Vacancy Factor – saving £135,000 (managing vacancies to reduce costs)	42.86% 9	33.33% 7	4.76% 1	14.29% 3	4.76% 1	21
Environmental Services Contract Review – saving/income £75,000	20.00% 4	35.00% 7	20.00% 4	15.00% 3	10.00% 2	20
Continuation of Northampton's Nightshelter – growth of £135,000 (provision of core budget, previously funded as a trial)	23.81% 5	33.33% 7	9.52% 2	19.05% 4	14.29% 3	21
Restructure of Housing Options & Advice team – growth of £583,000 (to improve Housing and Homeless services)	19.05% 4	47.62% 10	14.29% 3	19.05% 4	0.00% 0	21
Digital Officer to Support Move to Paperless – cost £30,000	14.29% 3	42.86% 9	23.81% 5	14.29% 3	4.76% 1	21
Reduction in Shop Income – cost £100,000 (As a result of disposal of shops to capital fund new priorities, such as housing)	14.29% 3	38.10% 8	28.57% 6	4.76% 1	14.29% 3	21

**Q6** Please give us your comments on any of the proposals above and include any concerns you may have about how our specific proposals may impact on yourself or any sector of the community and if appropriate, suggest how you feel we can minimise any such impact.

Key messages:

- Focus should be on cleanliness and improving image and attractiveness of the town
- Support for local businesses
- Fear that any increase in parking charges may in fact decrease footfall in the town centre
- Support for the Homeless

Appendices  
Cabinet Report  
plus 5 appendices



**NORTHAMPTON**  
BOROUGH COUNCIL

# COUNCIL

## 25 February 2019

Agenda Status: PUBLIC

Directorate: Management Board

<b>Report Title</b>	<b>Housing Revenue Account (HRA) Budget, Rent Setting 2019/20 and Budget Projections 2020/21 to 2022/23</b>
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### 1. Purpose

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1.1 The purpose of this report is to:

- Approve the HRA 2019/20 budget and the HRA indicative levels for 2020/21 to 2022/23, rent setting, service charges and other charges for 2019/20, including the Total Fee proposed for Northampton Partnership Homes (NPH) to deliver the services in scope for 2019/20.
- Provide a brief update on the ongoing work on the direction of the HRA.

### 2. Recommendations

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2.1 That Council approve:

- a) An average rent decrease of 1% per dwelling, in line with the legislation and the government's national rent policy, to take effect from 1<sup>st</sup> April 2019.
- b) The HRA budget for 2019/20 of £51.8m expenditure detailed in Appendix 1.
- c) The HRA capital programme for 2019/20, including future year commitments, and proposed financing as set out in Appendix 2.
- d) The proposed service charges listed in Appendix 3.
- e) That Cabinet be authorised, once the capital programme has been set, to approve new capital schemes and variations to existing schemes during 2019/20, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.
- f) The Total Fees proposed for NPH to deliver the services in scope for 2019/20 detailed in Appendix 4.



- 2.2 That the Council acknowledges the issues and risks detailed in the Chief Finance Officer's statement on the robustness of estimates and the adequacy of the reserves.
- 2.3 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 Housing Revenue Account balances of at least £5m for 2019/20 having regard to the outcome of the financial risk assessment.
- 2.4 That Council delegate authority to the Chief Executive and Chief Finance Officer to implement any retained HRA budget options and restructures.
- 2.5 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.
  - transfer monies to /from HRA working balances between the Council and NPH for cash flow purposes 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.

### **3. Issues and Choices**

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#### **3.1 Report Background**

3.1.1 In the event that there are changes made in accordance with the delegated authority to the Chief Finance Officer following Cabinet's meeting on the 20 February, updated appendices to the Cabinet report will be tabled reflecting these changes.

3.1.2 See also Cabinet report attached.

### **4. Implications (including financial implications)**

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#### **4.1 Policy**

4.1.1 See Cabinet report attached.

#### **4.2 Resources and Risk**

4.2.1 See Cabinet report attached.

### **4.3 Legal**

4.3.1 See Cabinet report attached.

### **4.4 Equality**

4.4.1 See Cabinet report attached.

### **4.5 Other Implications**

4.5.1 See Cabinet report attached.

## **5. Background Papers**

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5.1 See Cabinet report attached.

**Stuart McGregor, Chief Finance Officer**  
**George Candler, Chief Executive**



**NORTHAMPTON**  
BOROUGH COUNCIL  
**CABINET REPORT**

<b>Report Title</b>	<b>Housing Revenue Account (HRA) Budget, Rent Setting 2019/20 and Budget Projections 2020/21 to 2022/23</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	20th February 2019
<b>Key Decision:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	Management Board
<b>Accountable Cabinet Member:</b>	Cllr B Eldred
<b>Ward(s)</b>	N/A

### **1. Purpose**

- 1.1 To agree the Cabinet's proposals for recommendation to Council on 25 February 2019 for the 2019/20 to 2022/23 HRA budgets.
- 1.2 To agree the Cabinet's proposals for recommendation to Council on 25 February 2019 for the 2019/20 HRA rent setting.
- 1.3 To agree the HRA capital programme funding proposals for 2019/20 and note the future years.
- 1.4 To ask the Cabinet to recommend to Council that they approve the recommendations in section 2 below.

## 2. Recommendations

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- 2.1 That Cabinet recommend to Council to approve:
- a) An average rent decrease of 1% per dwelling, in line with the legislation and the government's national rent policy, to take effect from 1<sup>st</sup> April 2019.
  - b) The HRA budget for 2019/20 of £51.8m expenditure detailed in Appendix 1.
  - c) The HRA capital programme for 2019/20, including future year commitments, and proposed financing as set out in Appendix 2.
  - d) The proposed service charges listed in Appendix 3.
  - e) That Cabinet be authorised, once the capital programme has been set, to approve new capital schemes and variations to existing schemes during 2019/20, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.
  - f) The Total Fees proposed for NPH to deliver the services in scope for 2019/20 detailed in Appendix 4.
- 2.2 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.
- 2.3 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 Housing Revenue Account balances of at least £5m for 2019/20 having regard to the outcome of the financial risk assessment.
- 2.4 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 2019.
- 2.5 That Council be recommended to delegate authority to the Chief Executive and Chief Finance Officer to implement any retained HRA 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 Head of Service and Portfolio Holder to:
- transfer monies to/from earmarked reserves should that become necessary during the financial year.
  - transfer monies to /from HRA working balances between the Council and NPH for cash flow purposes 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.

### **3. Issues and Choices**

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#### **3.1 Report Background**

##### **Housing Revenue Account**

- 3.1.1 The 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
- 3.1.2 The HRA Budget proposed for 2019/20 reflects the current service levels and service delivery. This year's HRA budget process continues to incorporate the calculations required to provide a Total Fee to Northampton Partnership Homes (NPH) who manage the housing stock on a Management Agreement. This report provides the updated financial position and revised Total Fee for NPH for 2019/20 to provide the services in scope taking into account the current rules and regulations which impact upon the financial envelope brought about by Government changes in legislation in housing finance.

##### **Developments in Housing Finance.**

- 3.1.4 Since the introduction of self-financing in 2012 there have been a host of government policy initiatives that have impacted upon housing finances. Some of the financially more significant ones are:
- the legislative backed 1 % rent reductions for 4 years from 1 April 2016:
  - the encouraging of right to buy (RTB) by increasing RTB discounts, and;
  - the introduction of Universal Credit and Benefit Cap.
- 3.1.5 More recently the Government has pledged to spend an additional £2bn on affordable housing. Some details on proposals for future rent increases from 2020/21 were released with increases to be capped at CPI plus 1% for 5 years. In addition to this the Autumn Budget announced the removal of the HRA Debt Cap and the introduction of prudential borrowing which gives Council more scope to pursue new build programmes to deliver much needed new housing within the HRAs.

#### **3.2 Draft HRA Revenue Budget 2019/20 Cabinet 12 December 2018**

- 3.2.1 The Cabinet met on 12 December 2018 and recommended proposals for consultation. The headlines were:
- a) Proposing rent decrease in line with legislation and national rent policy of 1%;
  - b) A HRA budget for 2019/20 of £52.4m expenditure.
  - c) A Total Fee for NPH for the delivery of services over the six fee elements including a Capital Sum.

Further work on refining estimates has been undertaken on the HRA revenue and capital budgets since 12 December 2018, resulting in the proposals set out in the following sections 3.3 and 3.4.

### 3.3 Draft HRA Revenue Budget 2019/20 - Cabinet 20 February 2019

3.3.1 The final 2019/20 HRA budget reduces to £51.8m expenditure. The details of this proposed budget can be found in appendix 1. The changes are in respect of Dwellings Rent Income and the Capital programme. There has been a change to the accounting treatment for Dwellings Rent Income for 2018-19 and beyond. The overall result over the Medium Term is expected to be nil, however for 2019-20 there is an estimated reduction in dwellings rent income of £532k. This shortfall is funded by the re-phasing of the capital programme over the next 5 years resulting in a £532k budget reduction in 2019/20 offset by increases in subsequent years, with the overall result over the Medium Term expected to be nil.

#### Rents and Rent Setting 2019/2020

3.3.2 Rent Income, by far the largest single budget within the HRA, has previously been calculated in accordance with national rent policy. For 2016/17 the Welfare Reform and Work Bill legislated that rents in the social sector should decrease by 1% for the next 4 years. This moved away from the 10 year policy of increasing rents using Consumer Price Index (CPI) plus 1 percentage point annually.

3.3.2.1 The proposal for rent decreases in 2019/20 is therefore a 1% decrease on average across the housing stock. This is consistent to what was put forward in the report to Cabinet on 12 December 2018.

3.3.2.2 Target Rent - In line with the Governments guidance any dwelling that becomes void in year will automatically have its rent realigned to the Formula Rent (target rent), which takes account of average national rent, relative county earnings, number of bedrooms and relative property value. The forecast position of rents at target per property type by number of bedrooms is shown in the table below, after modelling the rents for 2019/20.

#### **Analysis of Dwelling Stock at Target Rent by Property Type**

<b>Dwelling Type</b>	<b>At Target</b>	<b>Not At Target</b>	<b>Total</b>
Bedsit	115	108	223
Bungalow	322	18	340
Flat	1489	2203	3692
House	4483	464	4947
Maisonette	51	127	178
Sheltered Bedsit	0	1	1
Sheltered Bungalow	1243	3	1246
Sheltered Flat	260	481	741
Sheltered House	2	0	2
Very Sheltered Flat	28	5	33
<b>Total</b>	<b>7993</b>	<b>3410</b>	<b>11403</b>

There are currently 3,410 dwellings not at target rent (compared to last year 3,747). In all these cases the rent is 1 less than their Target. The Council does not have any rents above Target. The policy of moving re-let properties straight to Formula was introduced in 2014/15 with the intention of closing the

rents to target over a period of time. This will continue to be monitored and any future changes to Rent Policy will be consulted on.

### **Service Charges**

3.3.3 The schedule of proposed Service Charges for 2019/20 is attached at Appendix 3. The level of Service Charges should be set to enable the full recovery of costs incurred. It is proposed that general Service Charges for 2019/20 are increased in line with CPI as at September 2018 (2.1%). It is proposed that charges in relation to Communal Heating Systems are kept at 2017/18 charges to reflect current levels of expenditure. The Service Charges have been reflected in the budgeted income figures. There are no changes proposed to the draft budget position.

### **NPH Management Agreement / Services Being Provided**

3.3.4 The HRA is the Council's statutory account for the Housing Landlord service, which pays NPH a Total Fee to provide both the Housing Landlord services and those Housing General Fund Services in the scope. The embedding and development of NPH is planned to shape the future HRA budgets as efficiencies and improvements to services are made leading to more investment opportunities into the stock and the service. The added challenge now is to achieve this with markedly lower resources forecast to be available under the new legislation.

3.3.4.1 The Total Fee for 2019/20 has been negotiated in partnership with NPH and takes into account the current level of budgets, and the changes in available funding for services in scope. NPH have been working with the Council to ensure that a balanced budget can be delivered while trying to mitigate the impact on services. It should be noted that the Asset Management Plan continues to be reviewed. Further Government announcements on Housing are due to be released in 2019/20 which will be interpreted and run through the HRA Business Plan model.

3.3.4.2 Since the proposed draft budget in December 2018, there has been one change to the proposed NPH total fee. The Capital Programme New Build/Major Projects budget for 2019/20 is re-phased by £532k to take into account the impact of accounting for dwelling rents on a daily basis to show compliance with rent setting legislation within the Welfare and reform Act. The impact is explained in paragraph 3.3.1.

A summary of the NPH total Fee proposed is shown below.

<b>NPH Management Fee</b>	<b>Proposed Budget</b>
<b>Analysed by</b>	<b>£'000s</b>
Management - HRA	14,195
Management - General Fund Housing	262
Maintenance - Responsive & Cyclical (Managed Budget)	12,046
Capital - Improvements to Homes (Managed Budget)	38,426
Capital - Improvement to Environment (Managed Budget)	3,000
Capital - Managed Budget ICT	400
<b>Total Fee</b>	<b>68,329</b>

The detailed NPH Fee schedule 5 is attached at Appendix 4. The Management Agreement provides NPH the ability to action the virement of funds within the Total Fee up to an aggregate of £2 million per annum. Any requirement for a virement above this or of the Housing General Fund element will need NBC approval through the Chief Financial Officer (Statutory section 151 Officer) This enables the Council to have assurance that the budgets are spent in line with the budget the Council approves.

## HRA Reserves

3.3.5 In previous years, Cabinet has approved the prudent set aside of funds into specific HRA Reserves to finance future HRA expenditure including capital financing, service improvements, risks of Leaseholder claims, and an Insurance Reserve. The use of the capital reserve is incorporated into the Capital Programme financing considerations included later in this report. The table below shows the current forecast of these reserves to the end of the financial year.

<b>Summary</b>	<b>Balance B/f 1 Apr 2019</b>	<b>Earmarked in Year</b>	<b>Applied in Year</b>	<b>Balance C/f 31 Mar 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
HRA Capital Investment	(5,013)	0	4,743	(270)
HRA Leaseholder Reserve	(500)	0	0	(500)
HRA Service Improvement Reserve	(1,000)	0	0	(1,000)
HRA Insurance Reserve	(300)	0	0	(300)
<b>Total HRA Reserves</b>	<b>(6,813)</b>	<b>0</b>	<b>4,743</b>	<b>(2,070)</b>
<b>Min Level of Working Balances</b>	<b>(5,000)</b>	<b>0</b>	<b>0</b>	<b>(5,000)</b>
<b>Total HRA Reserves</b>	<b>(11,813)</b>	<b>0</b>	<b>4,743</b>	<b>(7,070)</b>

3.3.5.1 These reserves can be drawn down as required, to finance the future strategic requirements of the service. The Capital Investment Reserve is currently earmarked for the delivery of the investment needed in the current stock and the requirement to provide replacement housing over the medium



term and reflected in the Council's HRA Business Plan. The reserves will be subject to change depending on the final outturn position for 2017/18 and 2018/19 and future investment priorities driven by the Asset Management Plan and decided by the Council.

### **Adequacy of Working Balances**

3.3.6 A prudent level of working balance, 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 Housing Revenue Account 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 should be held at the current level of £5m for 2019/20. It is anticipated that in future there could be a requirement to increase this level of working balances taking into account any further government announcements. This minimum level is designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year. Under the Management Agreement with NPH, NPH will continue to have available to it £1m of this working balance to call upon to maintain cash flow if required.

## **3.4 Housing Revenue Account Capital Programme**

### **The Financial Position and New Build Programme**

3.4.1 Capital expenditure is essential for the Housing Revenue Account in order to maintain and improve the Council's housing stock as well as deliver new council housing. The HRA is an asset driven service and as such the capital programme plays a key part in the delivery of the HRA service.

3.4.2 Alongside the implementation of NPH, the Council decided to adopt the "Northampton Standard" for the maintenance and improvement of Council housing stock. This higher standard has associated increased costs which are built in to the capital programme.

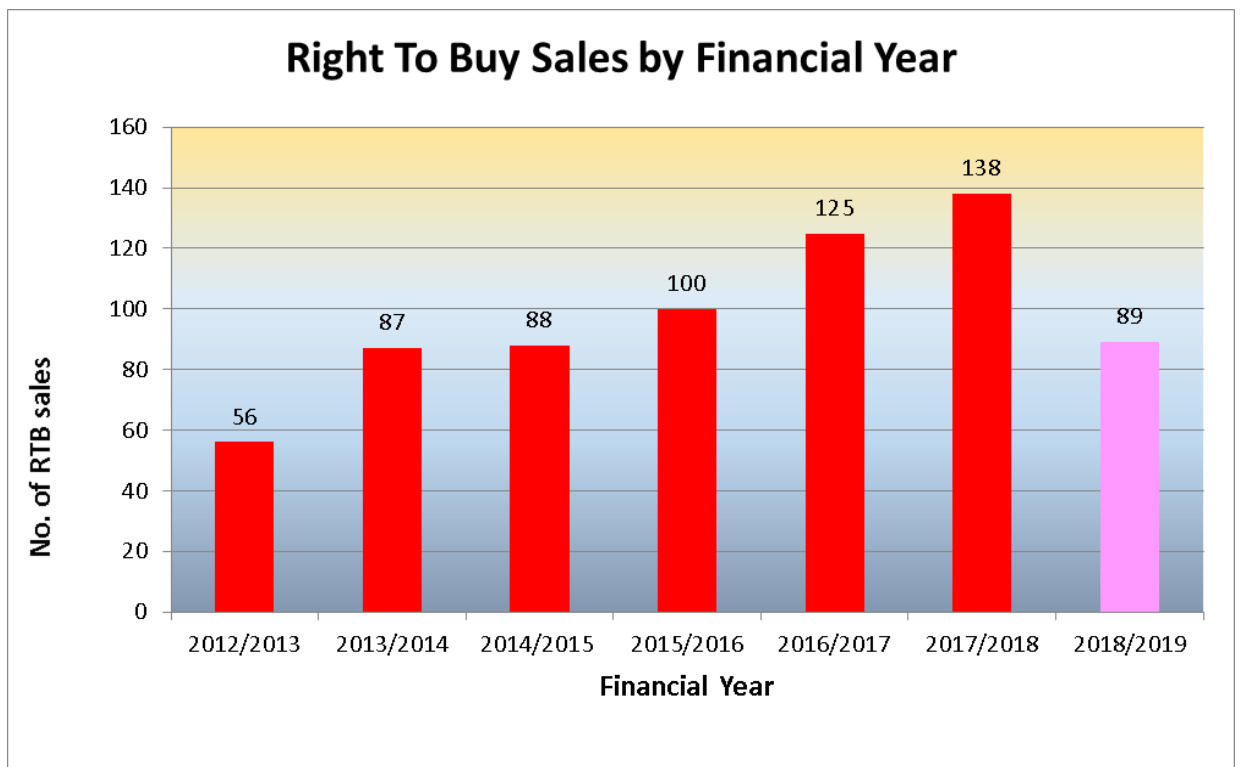
3.4.3 The HRA Capital Programme has been developed within the context of the 30 year Business Plan and the existing Asset Management Plan which has been reviewed and updated with the latest information from stock condition surveys. There will be further input from the HRA Business Plan review which is currently being undertaken which may lead to changes being brought back to Cabinet in 2019/20 as the New Build programme is developed in light of the removal of the debt cap.

3.4.4 In addition to this, included in the capital programme is a significant increase to the New Build programme, (£22.6m to deliver over 150 new homes), reflecting the removal of the HRA Debt Cap from October 2018 and the ability to prudentially borrow within the HRA.

3.4.5 The medium term plan currently shows the investment in new build dropping off slowly over the next few years, however this is currently being reviewed and will be revisited when the Council has determined its own affordability

(prudential borrowing) criteria. At the moment the numbers of new housing are prudent and could increase to deliver a steady supply of new homes each year. NPH will continue to work closely with the Council to increase the new build programme for delivering new social and affordable homes over the coming years. This will help the Council to address the severe shortage of affordable housing in Northampton and reduce the rate at which the Council's housing stock is reducing through RTB.

3.4.6 **Right to Buy (RTB) sales** have increased compared to recent years following an increase in discount levels introduced from April 2012. The total RTB sales for the last 7 years and in year to end of December 2018 are shown in the graph below:



3.4.7.1 Assumptions based on these increased resources are included within the indicative HRA capital programme financing shown at Appendix 2. There are two additional considerations arising from this:

- a) Additional pressure is placed on the revenue budgets through reduced rental income; assumptions around this have been built into the HRA budgets being considered in this report; and
- b) The additional capital receipts must be used towards the provision of new social housing and can only be used to finance 30% of this cost; if the Council does not spend the capital receipts within a 3 year rolling timeframe, the receipts, plus an amount for interest, are payable to Government. There is currently a government consultation which could increase the flexibilities around use of 141 RTB receipts, including extending the period from 3 years to 5 years.

## **Draft HRA Capital Programme and Funding 2019-20**

- 3.4.8 The proposed HRA capital programme for 2019/20 to 2022/23 is attached at Appendix 2.
- 3.4.9 The table below shows a summary of the draft programme and final proposed capital programme and funding for 2019/20.
- 3.4.10 The HRA capital programme for 2019/20 and beyond will be refined in conjunction with NPH, in line with the updated Asset Management Plan, and the HRA Business Plan review.

	<b>Draft 2019-20 £000s</b>	<b>Proposed 2019-20 £000s</b>
	<b>£</b>	<b>£</b>
External Improvements	10,600	10,600
Internal Works	3,500	3,500
Environmental Improvements	3,000	3,000
Structural Works and Compliance	450	450
Disabled Adaptations	1,300	1,300
IT Development	400	400
New Build Programme/Major Projects	23,107	22,576
Buybacks and Spot Purchases	500	500
<b>Total</b>	<b>42,857</b>	<b>42,326</b>

<b>FINANCING:</b>		
Major Repairs	9,642	9,642
Reserve/Depreciation	3,134	3,134
Capital Receipts - RTB (excl 1-4-1)	7,035	7,035
Capital Receipts - RTB 1-4-1 Receipts	9,937	9,405
Revenue/Earmarked Reserve	13,110	13,110
Borrowing / CFR		
<b>Total Financing - HRA</b>	<b>42,857</b>	<b>42,326</b>

The New Build/ Major works' project budget for 2019/20 and indicative budgets for the following 2 years is expected to deliver over 400 new council homes.

### **3.5 The Next Steps**

- 3.5.1 The timetable for the 2019/20 budget process requires a meeting of the Council on 25 February 2019, at which consideration will be given to the recommendations of this Cabinet in relation to the expenditure, income, and rent proposals that relate to HRA spending.

### **3.6 Consultation**

- 3.6.1 Public consultation commenced with residents, businesses and interested stakeholders from the 21 December 2018. An online consultation was published, which closed on the 1 February 2019. In addition a public meeting was held on 5 February 2019 to hear feedback on the draft budget. The consultation period will formally close on the date the budget is approved in February 2019.
- 3.6.1 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 4 February 2019. The views of the Overview and Scrutiny Committees are reported in General Fund Budget report at **Appendix 10**.
- 3.6.2 Audit Committee reviewed the budget proposals from a risk perspective on 28 January 2019. The key risks identified are reported General Fund Budget report at **Appendix 11**.

### **3.7 Choices (Options)**

- 3.7.1 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.
- 3.7.2 The Cabinet may choose to make amendments to the proposed budgets or to the proposed rent increase and adjust the budget proposals accordingly, in consultation with the Chief Finance Officer. It would then recommend the amended budget (if applicable) to Council.

## **4. Implications (including financial implications)**

### **4.1 Policy**

- 4.1.1 The revenue and capital budgets are set in support of the Council's priorities.
- 4.1.2 The HRA Revenue Budget is set in the overall context of the HRA 30 year business plan and the Council's Asset Management Plan.
- 4.1.3 The Capital Programme for the HRA is set in the context of the Council's Capital Strategy.

### **4.2 Resources and Risk**

- 4.2.1 HRA budgets have been updated to reflect the ongoing efficiency work of NPH, further reviews of these budgets and refinement will be undertaken as part of the regulation budget monitoring processes.

### **4.3 Legal**

- 4.3.1 The Council has a legal duty to set a balanced budget each year, bearing in mind its fiduciary duties to the taxpayer, and the HRA is not allowed to go into deficit by law. In exercising these duties the Council has to comply with various legislation and administrative duties.

#### **4.4 Equality**

- 4.4.1 The Public Sector Equality Duty (PSED) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out its activities. Failure to comply with this duty would be challengeable in the courts.
- 4.4.2 Equality and diversity were considered as part of each of the medium term planning options submitted. Equality impact assessments are 'living' documents and will be updated to take into account relevant feedback from the consultation process. Where these documents identify mitigating action, this will be undertaken in implementing the relevant option should it be taken forward and approved in February 2019.

#### **4.5 How the Proposals Deliver Priority Outcomes**

- 4.5.1 All of the discretionary investment proposals in the proposed budget reflect and/or are aligned to the corporate priorities as set out in the Corporate Plan.

#### **4.6 Appendices**

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

- 1 Housing Revenue Account Summary
- 2 Proposed Housing Revenue Account Capital Programme and Financing
- 3 HRA Fees and Charges
- 4 NPH Total Fee Detail
- 5 Consultation on Rent setting

#### **5. Background Papers**

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- 5.1 None

George Candler, Chief Executive, Ext. 7726  
Stuart McGregor, Chief Finance Officer Section 151 Ext 8347

**DRAFT Housing Revenue Account Budget Summary 2019-2023**

Description	Note	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23
<b>INCOME</b>					
		£	£	£	£
Rents - Dwellings Only	(1)	(48,495,200)	(50,037,700)	(51,695,000)	(53,344,500)
Rents - Non Dwellings Only		(1,058,800)	(1,070,800)	(1,083,100)	(1,095,400)
Service Charges		(2,268,692)	(2,308,078)	(2,345,813)	(2,385,724)
Other Income		(4,000)	(4,000)	(4,000)	(4,000)
<b>Total Income</b>		<b>(51,826,692)</b>	<b>(53,420,578)</b>	<b>(55,127,913)</b>	<b>(56,829,624)</b>
<b>EXPENDITURE</b>					
Repairs and Maintenance	(3)	13,734,633	13,977,137	14,248,547	14,590,973
General Management	(3)	8,518,947	8,624,037	8,736,965	8,824,156
Special Services	(3)	4,628,397	4,645,978	4,707,672	4,771,067
Rents, Rates, Taxes & Other Charges		289,300	289,300	289,300	289,300
Increase in Bad Debt Provision		600,000	600,000	600,000	600,000
<b>Total Expenditure</b>		<b>27,771,277</b>	<b>28,136,452</b>	<b>28,582,484</b>	<b>29,075,496</b>
<b>Continuation Budget</b>		<b>(24,055,415)</b>	<b>(25,284,126)</b>	<b>(26,545,429)</b>	<b>(27,754,128)</b>
<b>Medium Term Planning Pressures</b>			<b>(845,277)</b>	<b>(1,579,757)</b>	<b>(2,204,878)</b>
Net Recharges from the General Fund		2,550,000	2,600,000	2,650,000	2,700,000
Interest & Financing Costs					
- Interest on balances		(46,532)	(34,117)	(34,085)	(34,086)
- Mortgage interest		(400)	(300)	(200)	(100)
- Internal Borrowing (Over funded CFR)		(2,380)	(1,587)	(793)	0
- Interest Fixed Rate		7,250,182	7,802,558	8,408,933	8,737,160
Revenue Contributions to Capital		9,404,926	5,593,275	6,773,516	7,928,046
Depreciation		9,642,224	10,035,335	10,193,193	10,492,872
Contribution to / (from) Reserves		(4,742,605)	134,238	134,623	135,113
<b>Remaining Deficit / (Surplus)</b>		<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

**Notes**

(1) Rent decrease based on legislation 1% for 4 years from 16-17, then CPI (2%) plus 1% estimated increase from 2020/21

(2) Expenditure budgets above are proposed to be split between NBC and NPH as per the table below.

(3) Medium Term Planning Pressures could affect NPH Fee in future years

Description	£'000
Repairs and Maintenance	13,735
General Management	8,519
Special Services	4,628
Less NBC Retained Budgets	(641)
<b>NPH Budget as per Appendix 4</b>	<b>26,241</b>

	2019-20	2020-21	2021-22	2022-23	Total
	£	£	£	£	£
External Improvements	10,600,000	11,500,000	11,250,000	11,250,000	44,600,000
Internal Works	3,500,000	3,500,000	3,500,000	3,500,000	14,000,000
Environmental Improvements	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
Structural Works and Compliance	450,000	500,000	450,000	450,000	1,850,000
Disabled Adaptations	1,300,000	1,300,000	1,300,000	1,300,000	5,200,000
IT Development	400,000	0	0	0	400,000
New Build Programme/Major Projects	22,575,628	17,478,636	9,948,839	11,737,451	61,740,554
Buybacks and Spot Purchases	500,000	500,000	500,000	500,000	2,000,000
<b>Total</b>	<b>42,325,628</b>	<b>37,778,636</b>	<b>29,948,839</b>	<b>31,737,451</b>	<b>141,790,554</b>

<b>SPLIT:</b>					
Improvements to Homes	15,850,000	16,800,000	16,500,000	16,500,000	65,650,000
Improvements to Environment	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000
IT Development	400,000	0	0	0	400,000
New Build Programme/Major Projects	22,575,628	17,478,636	9,948,839	11,737,451	61,740,554
<b>Total NPH</b>	<b>41,825,628</b>	<b>37,278,636</b>	<b>29,448,839</b>	<b>31,237,451</b>	<b>139,790,554</b>
NBC Retained - Buy Backs	500,000	500,000	500,000	500,000	2,000,000
<b>Total Capital Programme</b>	<b>42,325,628</b>	<b>37,778,636</b>	<b>29,948,839</b>	<b>31,737,451</b>	<b>141,790,554</b>

<b>FINANCING:</b>					
Major Repairs Reserve/Depreciation	9,642,224	10,035,335	10,193,193	10,492,872	40,363,624
Capital Receipts - RTB (excl 1-4-1)	3,133,700	3,219,300	3,297,700	3,378,100	13,028,800
Capital Receipts - RTB 1-4-1 Receipts	7,034,606	5,357,820	3,096,000	3,630,000	19,118,426
Revenue/Earmarked Reserve	9,404,926	5,593,275	6,773,516	7,928,046	29,699,762
Borrowing / CFR	13,110,172	13,572,905	6,588,431	6,308,434	39,579,942
<b>Total Financing - HRA</b>	<b>42,325,628</b>	<b>37,778,635</b>	<b>29,948,839</b>	<b>31,737,451</b>	<b>141,790,554</b>

**SCHEDULE OF SERVICE CHARGES 2019/20**

<b><u>SERVICE CHARGES</u></b>		<b>PRESENT</b>	<b>PROPOSED</b>
		<b>£</b>	<b>£</b>
<b>Garages</b> (+VAT in some cases)		9.26	9.45
<b>Commuter Surcharge on Garages</b> (+VAT in some cases)		14.71	15.02
<b>Communal Heating</b>		10.56	10.56
<b>Sheltered Charges</b>			
- Level 1 Low		6.19	6.32
- Level 2 Medium		13.42	13.70
- Level 3 High		19.70	20.12
<b>Brookside Meadows New Build - Service Charges</b>			
- Tarmac and Block Paving		3.87	3.95
- Electric Gates		1.08	1.10
<b>CCTV</b>		3.81	3.89
<b>Grounds Maintenance</b>		2.08	2.12
<b><u>Non- Standard Service Charges</u></b>			
<b>Electricity Communal</b>	<b>Low</b>	0.12	0.12
	<b>High</b>	6.97	7.12
<b>Estate Services - Cleaning and Caretaking</b>			
	- Service Level 1	0.39	0.40
	- Service Level 2	0.94	0.96
	- Service Level 3	1.17	1.20
	- Service Level 4	1.56	1.60
	- Service Level 5	2.35	2.40
	- Service Level 6	3.52	3.60
	- Service Level 7	4.69	4.79
	- Service Level 8	4.69	4.79



## DRAFT Schedule 5 - NPH Management Fee

		NPH				
Housing Management & Maintenance(HRA)		2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
		£	£	£	£	£
<b>Total</b>	<b>Repairs &amp; Maintenance</b>	12,045,652	12,265,640	12,516,097	12,831,638	12,831,638
<b>Total</b>	<b>General Management</b>	6,970,657	7,067,033	7,173,171	7,258,103	7,258,103
<b>Total</b>	<b>Special Services</b>	3,997,840	4,015,651	4,073,787	4,134,227	4,134,227
<b>Total</b>	<b>Recharges</b>	3,226,928	3,257,928	3,289,228	3,321,328	3,321,328
<b>TOTAL HRA</b>		<b>26,241,077</b>	<b>26,606,252</b>	<b>27,052,284</b>	<b>27,545,296</b>	<b>27,545,296</b>
<b>Housing General Fund</b>						
<b>Total</b>	<b>Travellers Site</b>	182,004	182,603	183,214	183,837	183,837
<b>Total</b>	<b>Home Choice &amp; Resettlement</b>	80,000	80,000	80,000	80,000	80,000
<b>TOTAL GF HOUSING</b>		<b>262,004</b>	<b>262,603</b>	<b>263,214</b>	<b>263,837</b>	<b>263,837</b>
<b>TOTAL REVENUE</b>		<b>26,503,081</b>	<b>26,868,855</b>	<b>27,315,498</b>	<b>27,809,134</b>	<b>27,809,134</b>
<b>HRA Capital Programme</b>		41,825,628	37,278,636	29,448,839	31,237,451	19,500,000
<b>GRAND TOTAL</b>		<b>68,328,709</b>	<b>64,147,491</b>	<b>56,764,337</b>	<b>59,046,585</b>	<b>47,309,134</b>
<b>Analysed by Funding Pots</b>						
	Management - HRA (including Special Services)	14,195,425	14,340,612	14,536,187	14,713,658	14,713,658
	Management - GF Housing	262,004	262,603	263,214	263,837	263,837
	Maintenance - Managed Budget Responsive	9,275,152	9,444,543	9,637,395	9,880,361	9,880,361
	Maintenance - Managed Budget Cyclical	2,770,500	2,821,097	2,878,702	2,951,277	2,951,277
	Capital - Managed Budget Improvement to Homes	38,425,628	34,278,636	26,448,839	28,237,451	16,500,000
	Capital - Managed Budget Improvement to Environment	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
	Capital - Managed Budget ICT	400,000	0	0	0	0
<b>Total</b>		<b>68,328,709</b>	<b>64,147,491</b>	<b>56,764,337</b>	<b>59,046,585</b>	<b>47,309,134</b>

**Notes:**

All figures are subject to the annual approval, by Council, of the HRA and General Fund budgets in accordance with clause 10

Estimated figures for future years are shown in real terms including inflation on supplies and services.

Capital programme based upon figures provided in support of the revised Asset Management Strategy which takes into account the removal of the HRA Debt Cap, adjusted in line with the Draft HRA Business Plan

Indicative year 5 included to comply with management agreement (based on 2022/23 figures)

Medium Term Planning Pressures could affect NPH Fee in future years

## **Rent Review 2019/20 - Tenant Consultation**

Consultation with tenants about the 2016/17 rent review and the next 3 years was undertaken through both the Rent and Welfare Reform Service Improvement Panel and the Tenant Panel.

The Rents and Welfare Reform Service Improvement Panel is a panel made up of eight tenants. The group meet monthly together with service managers to develop and improve service delivery specifically in the areas of rent income and welfare reform.

The Tenant Panel was set up in 2012 when the Council started the housing options review. Consisting sixty tenant volunteers the Panel continues to provide a key mechanism through which Northampton Partnership Homes can work in partnership with tenants to develop the housing service.

Both panels are open to all tenants.

Discussion about the rent review focused around the government's proposal for a 1% reduction in rents as set out in the Welfare Reform and Work Bill for 2016/17 and the next 3 years.

The discussion at the Rents SIP was undertaken on the 11<sup>th</sup> December 2015. While panel members welcomed the proposed reduction concern was expressed that the reduction in rents would lead to reduced service levels.

The discussion at Tenant Panel was undertaken on the 2nd February 2016. Again there were some concerns expressed that reduction could result in reduced levels of service.

There was no additional consultation session for this years rent review, the rent setting is set out in the Welfare Reform and Work Act 2016 for the 4 year period , 2019/20 being the last of the four.

Appendices: 0



**NORTHAMPTON**  
BOROUGH COUNCIL

# COUNCIL

## 25 February 2019

**Agenda Status: Public**

**Directorate: Management Board**

<b>Report Title</b>	<b>Report by the Chief Finance Officer on the Robustness of Budget Estimates and Adequacy of Reserves</b>
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### 1. Purpose

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- 1.1 To advise the Council on the robustness of the estimates in the budget and the adequacy of the proposed financial reserves for the general fund and Housing Revenue Account (HRA) before approving the Council's Medium Term Financial Plan (MTFP) 2019/23, the revenue budget for 2019/20, capital programme 2019/23, reserves levels and the treasury management strategy for 2019/20.

### 2. Recommendations

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- 2.1 That Council carefully consider the content of this report with regards to the general fund and HRA prior to the approval of the Council's MTFP 2019/23, the revenue budget for 2019/20, capital programme 2019/23 and the treasury management strategy 2019/20.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1 Section 25(1) of the Local Government Act 2003 requires that the Chief Financial Officer (Section 151 Officer under the Local Government Act 1972) reports to the Council when setting its council tax on:
- the robustness of the estimates in the budget.
  - the adequacy of the proposed financial reserves.
- 3.1.2 Section 25(2) of the 2003 Act requires the Council to have regard to this report in approving the budget and council tax.

## **3.2 Context**

3.2.1 The Council is setting its budget at a time when it faces a range of issues to contend with. In broad terms these can be split into 3 categories; economic, local government and local.

### **Economic**

3.2.2 There continues to be uncertainty around the national and global economic outlook, caused by various factors including the UK's planned withdrawal from the European Union (EU).

3.2.3 The Office for Budget Responsibility's economic and fiscal outlook (published in October 2018) forecasts a relatively stable but unspectacular trajectory for economic growth – close to 1.5% in every year – plus a gradual further decline in the budget deficit and in net debt as a share of gross domestic product. It is worth emphasizing that this forecast assumes a relatively smooth exit from the EU. A disorderly one could have severe short term implications for the economy, the exchange rate, asset prices and the public finances.

### **Local Government**

3.2.4 The provisional settlement was announced by the Housing, Communities and Local Government Secretary on the 13 December 2018. Some of the headlines from this settlement were as follows:

- The New Homes Bonus national baseline will stay at 0.4%;
- There are no changes to the council tax referendum threshold for district and borough councils. This threshold remains at 3%;
- The governments objective to increase local business rate share to 75% from 2020 was restated;
- 15 new 75% rates pilots were announced – including Northamptonshire.

### **Local**

3.2.5 The 2019/20 budget setting process was done in the context of the proposed local government reorganisation and creation of a new unitary authority. Whilst this means that Northampton Borough Council will cease to exist in its current form beyond 2019/20 (subject to the announcement from the Ministry of Housing, Communities and Local Government), the budget set for that year must be sustainable. Therefore, forecasts are prepared for three financial years beyond 2019/20 on an existing 'ongoing' basis.

## **3.3 Risks and Mitigations**

The budget report presented to the Cabinet on 20 February 2019 sets out the councils proposed Medium Term Financial Plan (MTFP). The assumptions on which the MTFP is made are robust and are based on the most up to date intelligence available. However, as with any assumption, there is an element of risk that the reality will be different. The following assumptions in the MTFP contain the most risk:

### 3.3.1 General fund revenue

- a) **Government funding.** Government grant income is based on known (settlement funding) or reasonable assumptions concerning future entitlement.
- b) **Business rates retention.** The current assumption is for the level of business rates in 2019/20 to be £8.8m, including £0.5m of actual growth achieved in 2017/18. The actual level of business rates for 2019/20 will not be known until after the end of the financial year, and it should be noted there is a high level of uncertainty over the level and timing of business rates income. It is for this reason that growth achieved over and above budgeted levels from two years previous (hence £0.5m growth from 2017/18) has now been released into the MTFP as this provides some certainty. However, risk still remains around business rates appeals where the Council has made assumptions regarding success rates
- c) **Council tax.** A clear strategy on the Council's policy for council tax levels over the MTFP period is an essential part of a councils financial planning. The MTFP includes an assumption that the Council will increase council tax by 2.99% in 2019/20 and future years – this is the maximum amount permitted without triggering a referendum.
- d) **Delivery of proposed savings.** The MTFP includes savings to be achieved of £1.0m in 2019/20, rising to £1.7m per annum over the medium term – these are itemised in the budget report at appendix 2.
- There is risk of non-delivery of these due to the financial quantum and complexity associated with delivery. This risk will be mitigated by monitoring the progress of these savings targets.
- e) **Northampton Partnership Homes (NPH).** The Council created NPH in January 2015 to deliver the Council's landlord function. This is being financed through a management fee paid by the Council to NPH. There are a number of general fund activities provided directly (for example, certain housing responsibilities such as Housing Choice) and indirectly through recharges by NPH.
- The risks are mitigated through the governance structures and the involvement of the Chief Finance Officer and his representatives in those governance structures. This includes regular meetings between the Chief Finance Officer and NPH Resources Director.
- f) **Employee costs.** Pay inflation has been assumed to be 2% for 2019/20 and across the MTFP period. This is in line with government announcements on public sector pay.
- g) **Demand led budgets.** There are some services which historically have had higher levels of financial risk associated with them, including car parking, development/planning income, and homelessness/temporary accommodation.

The position on each of the demand led budgets is reported to Management Board in the monthly financial monitoring report. This provides senior management with enhanced information about the cost and service demand levels to take informed judgements about

maximising demand on income generating activities and reducing/mitigating demand on cost consuming activities.

Cabinet receive bi-monthly budget monitoring reports, highlighting material risk and variance areas.

### 3.3.2 General fund capital

- h) Large capital schemes.** There are a number of high profile capital schemes to deliver over coming years, including Vulcan Works, Northampton Museum Extension, and new Environmental Services assets.

Each of these schemes will have its own unique set of risks. At an overall level the Council's governance arrangements provide greater assurance that large capital schemes are being delivered effectively.

- i) Waterside enterprise zone.** There has been significant capital investment relating to investment in improved infrastructure in the enterprise zone over recent years. The bridging funding of this investment is from various sources including the Growing Places Fund. The ultimate repayment of this bridging finance is reliant on the delivery of business rates uplift.
- j) New schemes.** The capital budget proposals include a number of large new items, which are being investigated and will receive full economic and financial appraisals. These include the possible acquisition of residential property to reduce temporary accommodation costs and investing in commercial property to support the local economy and create income.

### 3.3.3 Housing Revenue Account (HRA)

- k) Removal of the HRA debt cap.** The Government's autumn budget announced with immediate effect the removal of the HRA debt cap. The debt cap was introduced at the time of self-financing and placed a limit of the total amount of borrowing the HRA could take out, for Northampton this was £208.4m. The removal of this restriction allows the Council to prudentially borrow within the HRA to pursue the policy of building new Council housing.

- l) Further planned government policy change.** Since the introduction of self-financing in 2012 there have been a host of government policy initiatives that have impacted upon housing finances. Some of the major impacting ones are the legislative backed 1 % rent reductions for 4 years from 1 April 2016, the encouraging of right to buy (RTB) by increasing RTB discounts, and the introduction of universal credit and benefit cap.

More recently the Government has pledged to spend an additional £2bn on affordable housing and firm proposals for future rent increases from 2020/21 were released with increases to be capped at CPI plus 1% for 5 years.

- m) **Northampton Partnership Homes (NPH)**. NPH, a wholly owned arms length organisation of the Council, provides the Council's landlord function, plus other housing functions. NPH is funded by a management fee from the Council. In addition NPH receive monies to deliver repairs and maintenance services and capital improvements to the Council's housing stock. The total fee paid to NPH is the financial representation of the management agreement between the two parties and has been sub divided into six component parts. As with any arms length organisation there are risks, one risk worthy of note from a financial perspective is that the budgets are not allocated correctly between the components elements of the total fee.

To mitigate the risk of any change the management agreement includes a clear approach to managing the virement of budgets between the various elements of the total fee. The financial performance of NPH will be closely monitored by the Chief Finance Officer through regular meetings with the NPH Resources Director.

#### 3.3.4 Housing Revenue Account - capital

- n) **The asset management plan**. The asset management plan has been reviewed and updated by NPH with the latest information from the stock condition surveys. In addition to this included in the draft capital programme is a significant increase to the Councils' new build and major works 2019/20 programme (£23m to deliver over 100 new homes in year), reflecting the removal of the HRA debt cap from October 2018 and the new ability to prudentially borrow within the HRA. This has been included in the draft budget and will inform the refresh of the Council's HRA business plan for 2019/20. The HRA capital programme has been developed within the context of the 30-year business plan and the existing asset management plan. The capital programme has a direct impact on the revenue position of the HRA.

#### 3.3.5 Treasury management

- o) The Council has entered into a number of loan agreements with local partners.

Risks are assessed with due diligence undertaken. Loan agreements are in place to mitigate the risks including proposed repayment schedules; interest rates charged on the loans, assessments against state aid implications and appropriate security. The repayment of loans are monitored regularly.

- p) There is a risk relating to interest rate increases.

The interest budgets have been built using latest forecasts of interest rates provided by the Council's risk management advisors, Link Asset Services.

- q) **Sixfields and recovery of NTFC loan monies**. The Council is in the process of taking action to recover the loan monies lent to Northampton Town Football Club (NTFC). The Council should closely monitor progress

on this activity. In particular the costs associated with the recovery of monies will need to be monitored to ensure value for money is being achieved.

### **3.4 Forecast reserves and balances**

3.4.1 There has been a review of earmarked reserves and the minimum working balance.

#### **Minimum levels of working balance**

3.4.2 The risk assessed minimum level of general fund balances for 2019/20 is £4.0m and reflect the risks being faced by the Council. This is £1.5m less than the level of general reserves held as at March 2018, but this is due to the creation of a specific earmarked reserve to cover the risk associated with the recovery of the Sixfields loan, therefore this risk no longer needs to be covered in the general reserve. The risk assessed minimum level of general fund balances are expected to remain at this level in the medium term.

3.4.3 The working balance for the HRA continues at £5m.

3.4.4 The underlying minimum level of working balances necessary to mitigate against short to medium term risks will be reviewed, along with the levels of earmarked reserve, on an annual basis.

#### **Use of earmarked reserves**

3.4.5 Earmarked reserves are set out for specific purposes. There is a net contribution to earmarked reserves within the 2019/20 revenue budget of £0.13m.

### **3.5 Conclusion**

3.5.1 Based on the assumptions made in the 2019/20 budget and MTFP for income and expenditure the Council can set a balanced financial position for 2019/20.

3.5.2 However, due to the continued reduction in government funding and forecast pressures on services the Council is facing a significant risk of a deficit budget of around £2.1m by 2022/23.

3.5.3 Whilst in the next financial year the Council's financial position is sustainable; beyond this there are well publicised financial challenges facing the whole sector. The Council (or any new entity resulting from the Local Government Reorganisation) will need to ensure it makes the right decisions over the short term to ensure it rises to these challenges over the medium to long term. Such a strategy could include maximising all income streams, sharing services with other councils, being more commercial, continuing to generate efficiencies and influencing the risks faced to optimise the Council's future financial viability.

3.5.4 There is sector wide uncertainty in respect of the implications of the Government 'Faire Funding' review and how funds may be redeployed across the sector, as 2019-20 is the last of the previously agreed 4 year settlement.



- 3.5.4 Provided the Council carefully considers and acts upon the above analysis, and officers robustly manage the implementation of the revenue and capital budgets, a positive opinion can be given under Section 25 of the Local Government Act 2003 on the robustness of budget estimates and the level of reserves.

### **3.6 Choices (Options)**

- 3.6.1 Section 25(2) of the Local Government Act 2003 requires the Council to have regard to this report in approving the budget for both the general fund and the Housing Revenue Account.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

- 4.1.1 The revenue and capital budgets are set in support of the Council's priorities and in order to do this effectively, the calculations used within the budgets must be robust; this report demonstrates that, in the opinion of the Chief Financial Officer, the budgets for 2019/20 are robust within the parameters outlines in this report.
- 4.1.2 Protecting the Council's medium to long term financial position and ensuring adequate provision for reserves allows the Council to continue to deliver services in line with its priorities.

### **4.2 Resources and Risk**

- 4.2.1 The report is of a financial nature and the implications are set out within the report. This report by its nature considers risk management from a financial perspective.

### **4.3 Legal**

- 4.3.1 The Council has a legal duty to set a balanced budget each year, bearing in mind its fiduciary duties to the taxpayer, and the HRA is not allowed to go into deficit by law. Section 25(1) of the Local Government Act 2003 requires that the Chief Financial Officer (Section 151 Officer under the Local Government Act 1972) reports to the Council when setting its council tax on the robustness of the estimates in the budget and the adequacy of the proposed financial reserves.
- 4.3.2 Section 25(2) of the 2003 Act requires the Council to have regard to this report in approving the budget.

### **4.4 Equality**

- 4.4.1 There are no equality and diversity implications arising from this report. Separate assessments will be produced as savings plans are developed over the period of the MTFP to deliver the savings yet to be identified.

#### **4.5 Other Implications**

4.5.1 None

#### **5. Background Papers**

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5.1 General fund budget report

5.2 HRA budget report

**Stuart McGregor**  
**Chief Finance Officer (Section 151 Officer)**

<b>Appendices</b> <b>3</b>
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**NORTHAMPTON**  
**BOROUGH COUNCIL**

# **COUNCIL**

## **25 February 2019**

**Agenda Status: PUBLIC**

**Directorate: Management Board**

<b>Report Title</b>	<b>Council Tax Resolution 2019/20</b>
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### **1. Summary**

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

### **2. Recommendations**

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2.1 That Council approve the council tax resolution shown at **appendices A, B, and C.**

### **3. Issues and choices**

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#### **3.1 Report background**

3.1.1 The revenue budget (put forward for approval earlier on this agenda) and the consequential council tax (put forward for approval as part of the revenue budget for Northampton Borough Council but formally approved as an overall council tax resolution at this agenda item) provide the resources to allow the delivery of the approved level of council services.

3.1.2 If the recommendation above is approved there will be an average council tax increase for band D properties of £6.56 (or 2.99%) for Northampton Borough Council's services. After taking account of the parishes, the Northamptonshire Police and Crime Commissioner, the Northamptonshire Fire and Rescue Authority and the County Council, the average increase in tax levels will vary depending on the relevant parish precept charge. **Appendix B** shows the individual charges for specific areas.

- 3.1.3 The parish council precepts for 2019/20 are detailed in **appendix C** and total £1,170,692. The average band D council tax for parish councils has increased by 1.3% and results in an average band D council tax figure of £17.11 for 2019/20.
- 3.1.4 Northamptonshire County Council meets on 21 February 2019 and is putting forward for approval their precept at £84,572,170. This results in a Band D Council Tax of £1,236.10 (including the adult social care precept).
- 3.1.5 As of the 1 January 2019, the governance of the Fire & Rescue Service passed from the County Council to the Police and Crime Commissioner. This means that funding for the Fire Service will go directly to the Police and Crime Commissioner rather than going through the County Council. This has led to the creation of a new precepting authority (the Northamptonshire Commissioner Fire and Rescue Authority). The proposed precept for the Fire & Rescue Service is £4,157,392. This results in a band D council tax of £60.76.
- 3.1.6 The proposed precept for the Northamptonshire Police and Crime Commissioner is £16,765,281. This results in a Band D Council Tax of £245.04.
- 3.1.7 Northampton Borough Council's budget requirement for council tax setting purposes is £16,622,102.
- 3.1.8 **Appendices A to C** have been drafted on the assumption that the revenue budget and consequential council tax for Northampton Borough Council are approved as put forward earlier on this agenda, and that the other major preceptors approve their precepts, as put forward at their relevant meetings. If any of these items are approved with changes to what was set out in the papers published in advance of these meetings, then **Appendices A to C** would be amended and tabled at the Northampton Borough Council meeting to accompany this report.
- 3.1.9 If the formal council tax resolution at **Appendix A** is approved, the total band D council tax will be as follows:

	2018/19	2019/20	Increase / (decrease)		%
	£	£	£ Per Annum	£ Per Week	Increase/ (decrease)
Northampton Borough Council (Average)	219.28	225.84	6.56	0.13	2.99%
Northamptonshire Police and Crime Commissioner	221.04	245.04	24.00	0.46	10.86%
Northamptonshire Commissioner Fire and Rescue Authority	59.00	60.76	1.76	0.03	2.99%
Northamptonshire County Council	1,177.35	1,236.10	58.75	1.13	4.99%
<b>Sub Total</b>	<b>1,676.67</b>	<b>1,767.74</b>	<b>91.07</b>	<b>1.75</b>	<b>5.43%</b>
Parish Precepts (Average)	16.89	17.11	0.22	0.00	1.31%
<b>Total</b>	<b>1,693.56</b>	<b>1,784.85</b>	<b>91.29</b>	<b>1.75</b>	<b>5.39%</b>

3.1.10 The above council tax figure of £225.84 for Northampton Borough Council is an average figure for a band D property. Due to the application of special expenses, some areas will pay an amount slightly higher than this, and some will pay an amount slightly lower.

3.1.11 In order to set the council tax legally, the Council must agree the resolutions shown at **appendices A to C**. These resolutions build up from the Council's council tax requirement including parish precepts, to arrive at a basic council tax including and excluding parish precepts. Added to that are the precepts for the Police, Fire and County Council to arrive at a total council tax by parish and by council tax band.

#### **4. Implications (including financial implications)**

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##### **4.1 Policy**

4.1.1 None

##### **4.2 Resources and risk**

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

##### **4.3 Legal**

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

##### **4.4 Equality**

4.4.1 No direct impact on equality context, however any resulting impact options/consultations for budgets will have to be considered individually.

##### **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 which feeds into this report. In addition tax base and collection fund information has been provided by the Revenues and Benefits Team.

4.5.2 Externally the Council consulted on the budget proposals including the proposal for a council tax increase, and also consulted on its Council Tax Reduction Scheme. In addition, parishes and major preceptors have provided the information for their organisations for inclusion in the calculations.

##### **4.6 Other Implications**

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

#### **5. Background Papers**

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5.5.1 See Cabinet report on the revenue budget earlier on the agenda, and the Report by Chief Finance Officer on Robustness of Budget Estimates and Adequacy of Reserves.

## Council Tax Resolution 2019/20

Northampton Borough Council (hereinafter referred to as "the Council" in this resolution) calculated the following amounts for the year 2019/2020 in accordance with various regulations and RESOLVES for the financial year 2019/20 to:

- 1 Note that on **25/02/2019** the Council calculated the Council Tax Base 2019/20:
- a) for the whole council area as: 68,419 (Item T in the formula in section 31B of the Local Government Finance Act 1992, as amended)
- b) for the parish precept area as: 21,771 for dwellings in those parts of its area to which a parish precept relates as in the attached appendix C.
- 2 Set the Council Tax Requirement for its own purposes for 2019/20 (including parish precepts) at **£16,622,102**.
- |  | £          |  |
|--|------------|--|
| a) Net Expenditure on Council Services including formula grant | 15,451,410 |  |
| b) Parish Council Precepts                                     | 1,170,692  |  |
| c) Total Council Tax Requirement                               | 16,622,102 |  |
- 3 Set the following amounts in accordance with sections 31 to 36 of the Local Government Finance Act 1992:
- a) Relevant Gross Expenditure 117,245,731 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils
- b) Relevant Gross Income (100,623,629) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- c) Council Tax Requirement 16,622,102 The Council Tax Requirement being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- d) Basic Council Tax including Parish Precepts 242.95 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).
- e) Total of Special Items 1,839,450 This represents the total of Parish precepts and other special items in accordance with s34(1) of the Act (as shown at 2 above).
- f) Basic Amount of Council Tax for dwellings in parts of the area to which no special items relate 216.06 Item (e) - (g) divided by tax base (resolution 2(a)) in accordance with s34(2) of the Act.
- 4 Note that the County Council and the Police and Crime Commissioner have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table at Schedule C.
- 5 Note that the Council, in accordance with Sections 30 and 36 of the Act hereby sets the aggregate amounts shown in the tables at appendix 2 as the amounts of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings.
- 6 Note that the Council's basic amount of council tax for 2019/20 (for the Borough's own purposes and excluding parish precepts) is not excessive in accordance with the principles approved under section 52ZB of the Local Government Finance Act 1992

## Schedules

Schedule A					
	(1)	(2)	(3)	(4)	(5)
	Council Tax Base	Parish Precept and Special Expenses	Parish Precept and Special Expenses Charge	Basic Amount of Council Tax excluding Special Expenses	Basic Amount of Council Tax including Special Expenses
		£	£	£	£
Area:					
Billing	2,805	193,856	69.12	216.06	285.18
Collingtree	528	21,192	40.10	216.06	256.16
Duston	5,563	503,363	90.49	216.06	306.55
Great Houghton	295	20,738	70.34	216.06	286.40
Hardingstone	816	41,912	51.34	216.06	267.40
Upton	2,724	39,800	14.61	216.06	230.67
Wootton	2,980	201,498	67.61	216.06	283.67
East Hunsbury	3,510	219,118	62.42	216.06	278.48
Hunsbury Meadows	888	24,700	27.80	216.06	243.86
West Hunsbury	1,662	32,392	19.49	216.06	235.55
Unparished Area	46,648	540,881	11.60	216.06	227.66
	68,419	1,839,450			

Schedule B Basic Amount of Council Tax for each Council Tax band								
Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Area:								
Billing	190.12	221.81	253.50	285.18	348.56	411.93	475.30	570.36
Collingtree	170.77	199.24	227.70	256.16	313.09	370.01	426.94	512.32
Duston	204.37	238.43	272.49	306.55	374.67	442.80	510.92	613.10
Great Houghton	190.93	222.76	254.58	286.40	350.05	413.69	477.34	572.80
Hardingstone	178.27	207.98	237.69	267.40	326.82	386.25	445.67	534.80
Upton	153.78	179.41	205.04	230.67	281.93	333.19	384.45	461.34
Wootton	189.11	220.63	252.15	283.67	346.71	409.75	472.79	567.34
East Hunsbury	185.65	216.60	247.54	278.48	340.37	402.25	464.14	556.96
Hunsbury Meadows	162.57	189.67	216.77	243.86	298.05	352.25	406.44	487.72
West Hunsbury	157.03	183.21	209.38	235.55	287.90	340.24	392.59	471.10
Unparished Area	151.77	177.07	202.37	227.66	278.25	328.85	379.44	455.32

Schedule C Major Precepting Authorities Council Tax for each Council Tax band								
Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Northamptonshire County Council (NCC)	764.26	891.63	1,019.00	1,146.38	1,401.13	1,655.87	1,910.64	2,292.76
NCC Adult Social Care Precept	59.81	69.78	79.75	89.72	109.66	129.60	149.53	179.44
Northamptonshire Police and Crime Commissioner	163.36	190.59	217.81	245.04	299.49	353.95	408.40	490.08
Northamptonshire Commissioner Fire and Rescue Authority	40.51	47.26	54.01	60.76	74.26	87.76	101.27	121.52

Schedule D Aggregate Council Tax for each Council Tax band								
Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Area:								
Billing	1,218.06	1,421.07	1,624.07	1,827.08	2,233.10	2,639.11	3,045.14	3,654.16
Collingtree	1,198.71	1,398.50	1,598.27	1,798.06	2,197.63	2,597.19	2,996.78	3,596.12
Duston	1,232.31	1,437.69	1,643.06	1,848.45	2,259.21	2,669.98	3,080.76	3,696.90
Great Houghton	1,218.87	1,422.02	1,625.15	1,828.30	2,234.59	2,640.87	3,047.18	3,656.60
Hardingstone	1,206.21	1,407.24	1,608.26	1,809.30	2,211.36	2,613.43	3,015.51	3,618.60
Upton	1,181.72	1,378.67	1,575.61	1,772.57	2,166.47	2,560.37	2,954.29	3,545.14
Wootton	1,217.05	1,419.89	1,622.72	1,825.57	2,231.25	2,636.93	3,042.63	3,651.14
East Hunsbury	1,213.59	1,415.86	1,618.11	1,820.38	2,224.91	2,629.43	3,033.98	3,640.76
Hunsbury Meadows	1,190.51	1,388.93	1,587.34	1,785.76	2,182.59	2,579.43	2,976.28	3,571.52
West Hunsbury	1,184.97	1,382.47	1,579.95	1,777.45	2,172.44	2,567.42	2,962.43	3,554.90
Unparished Area	1,179.71	1,376.33	1,572.94	1,769.56	2,162.79	2,556.03	2,949.28	3,539.12

## Parish &amp; Town Council Precepts

	2018/19			2019/20			Council Tax Increase
	Tax Base	Precepts £	Council Tax Band D (£)	Tax Base	Precepts £	Council Tax Band D (£)	
Billing	2,761	156,880	56.82	2,805	165,900	59.15	4.1%
Collingtree	523	20,193	38.63	528	21,192	40.10	3.8%
Duston	5,522	467,200	84.61	5,563	480,092	86.31	2.0%
Great Houghton	290	20,741	71.45	295	20,738	70.34	-1.5%
Hardingstone	805	40,000	49.69	816	40,000	49.00	-1.4%
Upton	3,016	44,063	14.61	2,724	39,800	14.61	0.0%
Wootton	2,958	186,315	62.98	2,980	191,345	64.21	1.9%
East Hunsbury	3,463	161,374	46.60	3,510	164,925	46.98	0.8%
Hunsbury Meadows	505	14,695	29.07	888	24,700	27.80	-4.4%
West Hunsbury	1,650	18,000	10.91	1,662	22,000	13.24	21.4%

## Parish &amp; Town Council Precepts including Special Expenses

	Precepts Band D (£)	Special Expenses Band D (£)	Total (£)
Billing	59.15	9.97	69.12
Collingtree	40.10	0.00	40.10
Duston	86.31	4.18	90.49
Great Houghton	70.34	0.00	70.34
Hardingstone	49.00	2.34	51.34
Upton	14.61	0.00	14.61
Wootton	64.21	3.40	67.61
East Hunsbury	46.98	15.44	62.42
Hunsbury Meadows	27.80	0.00	27.80
West Hunsbury	13.24	6.25	19.49
Unparished	0.00	11.60	11.60



Appendices: 1



**NORTHAMPTON**  
BOROUGH COUNCIL

# COUNCIL

## 25 February 2019

**Agenda Status: Public**

**Directorate:** Borough Secretary and  
Chief Monitoring Officer

<b>Report Title</b>	<b>Local Government Reform in Northamptonshire – Structural Changes Order</b>
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### 1. Purpose

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- 1.1 To consider making representations to Government on legal, governance and electoral arrangements for transition to a prospective unitary authority for the area.

### 2. Recommendations

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- 2.1 The preferences for a Structural Changes Order, as per Appendix 1, be included in a submission to Government.
- 2.2 Amendment of the submitted preferences, as arising from negotiations with Government officials, be delegated to the Chief Executive in consultation with the Leader and the Monitoring Officer - where it is not expedient to formally report to Council or duly appointed Committee.
- 2.3 The submission be accompanied by a statement reiterating the Councils' original position that "Government commits to meeting the significant implementation challenges and ensures that we are collectively equipped to deliver success" as per the Councils' original Joint Proposal.
- 2.4 The submission includes an expression of in-principle desire for a consequential 'Section 24 direction' to apply to all of the Councils, the details of which to be separately agreed between the councils and Government.

### **3. Issues and Choices**

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#### **3.1 Report Background**

- 3.1.1 In August 2018, this Council and six other Councils (Corby excluded) resolved to submit a joint proposal ('Joint Proposal') for two new unitary authorities covering the county to the Secretary of State for Housing, Communities and Local Government. That proposal was duly submitted and is now for the Secretary of State to consider
- 3.1.2 One of the proposed unitary authorities comprised the current administrative areas of Daventry, Northampton and South Northamptonshire (referred to as 'West Northamptonshire'), to discharge all local government functions of county, borough and district councils.
- 3.1.3 At the time of writing this report, the Secretary of State had not decided whether to accept the Joint Proposal. However, he decided to embark on an eight-week public consultation on it from 29th November 2018 to 25th January 2019. Subject to his consideration of consultation responses, ultimately this could lead to Parliament passing legislation to establish a new unitary authority for West Northamptonshire in spring 2020, with a shadow unitary authority as the interim transition body from spring/summer 2019.
- 3.1.4 This report is prepared in anticipation of such legislation and particular cue has been taken from the deliberations of the Chief Executives' programme board and the Leaders' steering groups - as aided by the contributions of Monitoring Officers. There is considerable complexity involved in local government reorganisation and, in entering this locally unchartered territory, there have been numerous issues for which clarification has been necessary and is still being sought. Hence, it is stressed that the recommended preferences for a Structural Changes Order will no doubt require refinement.
- 3.1.5 Each of the West Northamptonshire councils was due to receive and consider this common report, based on the agreed preferences of the steering group.
- 3.1.6 Much of this report should indeed be common but each sovereign Council will be empowered to decide, through their respective democratic process, what exactly the submission to government will be
- 3.1.7 (For information: The Secretary of State also laid a 'Northamptonshire (Changes to Years of Elections) Order' before Parliament, identifying this as a separate and pragmatic initiative to avoid confusion for the public and unnecessary expense at this time. This was said not to imply that local government reorganisation is or is not favoured. This Order has been confirmed and district and borough elections due in 2019 have been postponed to 2020).

### 3.1.8 Purpose and Preparation of a Structural Changes Order

Members will be aware that one of the key next steps – should the Secretary of State decide to progress local government reform in Northamptonshire – is the preparation of various statutory instruments and, in particular, laying before Parliament of a Structural Changes Order (“the Order”). If so laid, it can be expected that it would come into force in spring/summer 2019.

Based on recent experience elsewhere, it is anticipated that this will be one Order covering both North Northamptonshire and West Northamptonshire – albeit in correspondingly distinct sections.

The purpose of the Order is to facilitate the transition from the existing Councils to the new authorities. The Order will define the basic governance and operating principles in the lead up to new unitary authorities in Northamptonshire.

Whilst the Order will be drafted and finalised by Government officials, the Councils are invited to state local preferences and thus provide a common position to them. It is considered wise and mutually beneficial for the Councils to submit their preferences - and to do so sooner rather than later to have influence. The Councils will likely be invited by Government to formally consider a draft Order in due course.

### 3.1.9 Content of a Structural Changes Order

For this report, the working assumption for a Structural Changes Order is that the content is to be based on the Joint Proposal.

It is emphasised that the Order will be governance focused. It is thus to be noted that the Order is not expected to be able to include Government address of the substantive ‘challenges’ (“asks”) set out by the Councils in their Joint Proposal. So, rather than seek inclusion of this in the Order which might impact on credibility, such address of the ‘challenges’ is still needed to be through other, usual, political and technical channels. To that end, it is recommended to take the opportunity to formally reiterate, by letter, the common stance in the Joint Proposal submitted by the Councils. Namely, that there will be significant implementation challenges – i.e. ‘beginning with a clean sheet’, ‘transition’, ‘transformation and public reform’ and ‘infrastructure’ - that need to be met head on collectively, with Government committing itself and ensuring that the parties are equipped to deliver success.

Although much of the Order will be technical in nature, the Secretary of State has options in some instances which are likely to be politically sensitive locally or have some practical implications - and these are considered in more detail below. As noted earlier, much of this has been addressed by the steering group and preferences expressed and recommended – as in Appendix 1.

Particular options (with preferences in bold font) are:-

### ***Choice of transition model.***

Fundamentally, the main purpose of the Order is to bring district and county functions together and to manage transition from existing Councils to new. There are in fact two basic options available to govern that transition – either an existing council as a continuing authority with an implementation executive, or, a new legal body with a shadow authority and shadow governance set-up. Both options are councillor-led, result in a new multi-purpose council, safeguard the employment rights of staff, and necessitate a new operating model and organisational structure to be approved by councillors to provide opportunity for transformation. The Councils' submitted Joint Proposal proposed the creation of new legal bodies as this has the particular advantage of achieving a fresh start in serving communities, as well as avoiding any perception that reorganisation is in fact a 'takeover' of one council by another, so being a better catalyst for necessary change. For purposes of balance, though, it is acknowledged that there is disadvantage of some additional work, risk and cost in creating a new body, for example, consulting all county, district and borough staff on the transfer under the Transfer of Undertakings Protection of Employment Regulations (TUPE), and first-time adoption of a full set of policies to support all the functions of a new body.

**For West Northamptonshire, preference is for the creation of a new legal body rather than a continuing authority.**

### ***Names of new authorities.***

North Northamptonshire and West Northamptonshire are names that have been used locally for some years, particularly for planning and development purposes. They have the benefit of some geographical prefix and historical suffix, though there is little else that is particularly distinguishable. In West Northamptonshire, there have been two informal public consultations on possible names with the most common suggestion being "West Northamptonshire/Northants Council".

**For West Northamptonshire, preference is for the name of its new unitary authority to be 'West Northamptonshire Council'.**

### ***Types of new authorities.***

A new unitary authority will be created as either a district council or a county council and will be given the powers and duties of the other. There is no particularly substantive operational difference. Given the advantage of a district council unitary better signalling a fresh start, it is suggested that the new unitaries be formally established as 'district councils with county functions' as opposed to 'county councils with district functions'.

Government officials have advised that;- a county unitary cannot apply for borough status; that borough status does not transfer over to a new unitary; that a district unitary council can apply to the Privy Council for borough status under section 245 of the Local Government Act 1972; that the chairman and vice-chairman of the district unitary council that has been granted borough status are entitled to take the style of mayor and deputy mayor; that if a predecessor area would like to retain the ability to appoint a civic mayor (as a

right granted by a charter), then there needs to be a parish council or charter trustees for that area to be able to exercise the rights in the charter.

**For West Northamptonshire, preference is for the new unitary authority to be a ‘district council with county functions’.**

***Timetable for establishment of new authorities.***

Notwithstanding the practical challenges and tighter timeframes, the original quest for establishment of unitary authorities sooner rather than later is still preferable. This was based on the expressed need for service transformation, organisational cultural change and financial sustainability. It is expected that Government would seek early establishment. For interim arrangements, this would suggest shadow authorities operating from the date of the Order until the 2020 election day for the new authorities.

**For West Northamptonshire, preference is for a commencement date – ‘vesting day’ - for the new unitary authority (and corresponding dissolution of existing Councils) of 1<sup>st</sup> April 2020.**

***Shadow authority - style of governance.***

All current councillors of the Councils will automatically become Members of the relevant shadow authority.

In other areas of reorganisation, current dual hatters (county and district/borough councillors) have been given two votes on all questions coming or arising before the shadow authority in recognition of this dual status. This is a largely political matter and the steering group has identified its preference for the same to be applied in respect of a shadow authority only.

Members will be well aware of the advantages and disadvantages of the different arrangements of an Executive style or a Committee style authority, although not all will have experience of both. Members therefore need to choose between Executive and Committee style for the shadow authority.

It is highlighted that the shadow authority has limited life but one of the shadow authority’s duties in Dorset is to formulate proposals for the style of governance for the new unitary authority. So, the significance of the choice of arrangements for the shadow authority could have been that this is taken to be default for the new unitary authority and written into the Order - however, the indication from Government officials is that this would not be so specified in the Northamptonshire Order. (Formally it will be for the new unitary authority to consider and decide its governance arrangements, as is the case for authorities generally).

In West Northamptonshire, recent steering group deliberations identified preference for an Executive style of governance for the shadow authority as this is judged as offering appropriate leadership and sufficient Member engagement in shaping the future.

With Committee style arrangements, there is choice in whether to have one or more Overview and Scrutiny Committees. With Executive style

arrangements, there is normally no choice and, normally statutorily, at least one such committee must be appointed. Although this might be able to be relaxed via the Order, the steering group has identified its preference for such a committee. If the choice was instead to operate with Committee style arrangements, it is suggested that this is not included in the Order and instead the decision on whether to have an Overview and Scrutiny Committee is left to the shadow authority.

**For West Northamptonshire, preference is for dual hatted Members (county and borough/district councillors) to be given two votes on the shadow authority.**

**For West Northamptonshire, preference is for an Executive style of governance for the shadow authority, and that the shadow authority has an Overview and Scrutiny Committee**

**For West Northamptonshire, preference is that the style of governance for the unitary authority is not dictated in the Order.**

***Shadow authority – ‘executive’ composition and ‘executive’ chairmanship.***

Whether an Executive style or a Committee style arrangement, a shadow authority will require a shadow executive or a shadow lead committee. Whatever style of governance is chosen, the steering group has proposed the following number of Members from each of the existing councils - 4 DDC, 4 NBC, 4 SNC, 6 NCC - on the ‘Shadow Executive’ (with Members being appointed in accordance with the principles of political balance).

The choice of numbers on the Shadow Executive will be of interest to Government officials, particularly the County Council representation given the significantly greater expenditure on county council functions and the high profile of adults’ services and children’s services. Importantly, however, the composition of the shadow executive should not be determined on quantum alone. Local residents will be more interested in progress being made based upon the quality of the new executive. Reflecting this perhaps, Government officials to date have not insisted on a particular numbers configuration but are keen on mutual agreement between the Councils and assurances that key functions will have adequate representation and focus in order to prepare the Unitary Councils for the effective absorption and delivery of all services. So in order for there to be a proportionally higher District membership of the Shadow Executive than that used in other Unitarisations certain assurances will need to be provided to Government.

In relation, particularly to Adults and Children's services, there would be a planned approach in place. This approach would include gaining lessons learned and advice by engaging with leading local authorities on these services and also working with organisations such as the LGA looking to best practice in the area. There would also be training plans in place for Members to build knowledge and capacity.

It is considered advantageous to work with leading authorities and the LGA, as it allows greater insight into how people services have been delivered successfully, whilst equally working with County colleagues in understanding the current challenges and developments at a local level.

The basic justification for the original steering group proposal (4, 4, 4, 6) remains valid. To reiterate, the situation in Northamptonshire is not 'normal' and there is need to respect local preference, to avoid perception of cultural or geographical bias and to achieve a fresh start - building on the Caller Report. To mitigate possible concerns, there will be statutory provision for transfer of staff from the County Council into the new authority and continuation of cross-council staff and Member training in the meantime on each other's' functions and responsibilities – including corporate parent responsibilities. It is also highlighted that there are current Members of district and borough councils who are and who have been county councillors.

In terms of chairmanship of the shadow authority 'executive' (as distinct from the more ceremonial chairmanship of the authority itself), previous Orders have either identified which councillor is to be the Leader of the shadow authority or, in the most recent Order (Dorset), left this to be determined by the shadow authority itself. It is anticipated that this local discretion would again be acceptable to Government officials.

**For West Northamptonshire, preference is for the Shadow Executive to be comprised of 4 Members from Daventry District Council, 4 Members from Northampton Borough Council, 4 Members from South Northamptonshire Council, and 6 members Northamptonshire County Council.**

**For West Northamptonshire, preference is for the shadow authority to determine its own 'executive' chairmanship.**

***Shadow authority functions and duties - implementation.*** When established, the shadow authority will have certain functions defined in the Order that are centred on preparing the ground for the new unitary authority – many of them under the banner of an 'Implementation Plan' to achieve smooth transition. It will be given certain duties by the Order also - such as the requirement to make interim appointments of its Head of Paid Service, Monitoring Officer and Chief Finance Officer (and of Returning Officer for the 2020 election), to formulate proposals for style of governance (as already noted above) and the Code of Conduct and Members Allowances. To ensure due discharge of those functions and duties, it is understood that the Order will require the formation of a 'Central Implementation Team' (Officers) to assist the shadow authority in delivering the Implementation Plan and identification of a lead Officer. It is considered reasonable to expect that the selection of the lead Officer can be locally determined by the shadow authority rather than being specified in the Order.

**For West Northamptonshire, preference is for the shadow authority to determine its own lead Officer.**

***Elections for new unitary authority.*** Elections to the new authorities in 2020 would be, in the first Thursday in the month of May, as prescribed in statute for normal council elections. With cancellation of the 2019 council elections by the Changes to Years of Elections Order, existing Members would remain Members throughout the whole of the shadow authority period i.e. until the fourth day after the 2020 election day – notwithstanding that the existing Councils will have been dissolved on 1<sup>st</sup> April 2020.

As regards by-elections that might arise in the interim, the steering group's preference is that these should not be held.

The Order will prescribe whether the new unitary authorities are to follow the district or county election cycles for their elections. Dorset's experience suggests Government officials accept that, to a degree, the cycle is a matter of local choice, and the officials consider that they have complete flexibility to include whatever is judged best. The first elections will be whole council elections. It is also anticipated that thereafter the Order will determine that elections be similarly all-out and this is the preference of the steering group.

On that basis, considerations are part political and part whether each authority should align with the other's cycle and/or with other like district or county councils, or not. It is judged appropriate to align with a usual election cycle.

Moving on to the (whole council) district council election cycle could be achieved, for example, for 2027 by having a 4 year term from 2020 and a 3 year term from 2024. Moving onto the county electoral cycle could be achieved for 2025 by having a 5 year term from 2020, which is more appropriate than achieving it for 2021 with a term of office of just 1 year from 2020. The steering group's clear preference is to move onto the district cycle, as indicated.

The current understanding is that elections are likely to work on existing county divisions with 3 Members each, for the first election in 2020. (Government officials have advised that they would not expect the Local Government Boundary Commission to have time to review boundaries in time for May 2020).

**For West Northamptonshire, preference is for the unitary authority elections to be for a 4 year term in 2020, a three year term in 2024 and thereafter align with the district cycle - and be whole council elections.**

**For West Northamptonshire, preference is for by-elections not to be held in the interim period.**

### 3.1.10 Next stages relating to a Structural Changes Order

Before an Order is laid before Parliament, the Councils' positions will be subject to consideration by Government officials. The identification of preferences for a draft Order would significantly help in driving the agenda. It is likely that Government officials will raise points, some of which will be administrative and some more substantive.



For substantive points, notwithstanding views of Government officials, it will be important that the position is robustly negotiated as it is 'local' preferences for future 'local' authorities that should prevail where there is discretion.

There needs to be scope for some changes to be agreed and it is intended that these be reported back to Councils' formal meetings. However – again recognising the challenging timeframe – the opportunity to influence next iterations of the Order ought not to be lost due to timing restrictions. Accordingly, it is recommended in such circumstances that authority for negotiating changes be delegated to senior personnel in order to fit given timeframes.

Once the Order is made, other consequential orders may follow that will achieve the demise of the Councils and establishment of successor authorities. These will be subject of further reports as necessary.

### 3.1.11 Other Matters related to Parliamentary Orders

***Civic and armorial matters.*** It is uncertain at this time as to how much the Order needs to address civic and armorial matters or whether these are included in other Orders. For example, the honorary position of Lord Lieutenant of Northamptonshire might need replacement association with one of the new unitary authority areas.

Government officials have advised that the Government believes that any historic rights which may be associated with existing districts should be preserved locally for the benefit of local residents. For example, a district council may have a charter granting historic rights on the residents of a defined geographical area. The historic rights conferred by that charter will be lost to the area when the area and associated council is abolished.

Where it is not appropriate or possible for those historic rights to be continued by a unitary (single tier) authority or parish council, Government officials have advised that charter trustees will be established by (presumably consequential) Order to protect and preserve those historic rights. The members of a body of charter trustees are drawn from those Members of the unitary authority who represent the electoral areas to which the historic rights relate and which will comprise the charter trustee area.

Outstanding matters will be taken up with Government officials and others to establish further clarity on the process for their address.

The Order is expected to provide for rights of the existing Councils to transfer on, and presumably this might include some civic and armorial matters. One in particular could be the ability for the shadow authority to apply to the Privy Council for Her Majesty's consent to confer borough status on the new unitary authority. Whether in the Order or separately, it has been judged appropriate by the steering group to seek such ability and this is recommended to be expressed now.

**For West Northamptonshire, preference is for the shadow authority to be given the ability to apply for borough status to be conferred on the new unitary authority.**

***Financial control of existing Councils' spending.*** Where councils are to be dissolved by Orders, legislation (Section 24 of the Local Government and Public Involvement in Health Act 2007 – a 'Section 24 Direction') allows the Secretary of State to direct limitations on the spend of those councils by applying criteria/thresholds. If this is desired, it is expected that such a direction would be achieved separately rather than via the Structural Changes Order. Whichever course is taken, the steering group has identified preference for such a provision to come into force for all of the existing councils to assist resource planning for the new unitary authority. Detailed provisions would need to be determined (as indicated in 5.1 below).

It is pointed out that the direction does not prevent justified spend, rather it provide checks in the decision-making. Such checks would likely be of use to the shadow authority in preparing for the future but if the Secretary of State gave the checking role to the shadow authority it could, with efficient delegation of those checks, still agree to justified spend in timely fashion. It is for Members to judge whether they would wish to support the County Council's position of allowing councils to have full control of their own spend - notwithstanding that the Government can decide whether to impose such a direction in any event.

**For West Northamptonshire, in principle, preference is for a consequential 'Section 24 direction' to be applied to the Councils with the details to be separately agreed between the Councils and Government.**

#### **4. Implications (including financial implications)**

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##### **4.1 Policy**

The Advice is pursuant to the Councils' previously agreed position on local government reorganisation.

##### **4.2 Resources and Risk**

In terms of the Advice, re- drafting and negotiating of the Order would in the first instance be resourced by existing staff. Members will be aware that much preparatory work is required to set up new authorities, including shadow authorities and any other shadow local arrangements that might be appropriate. To that end there may be need to deploy additional support, including external engagements, funded from the budget identified for such preparations.

##### **4.3 Legal**

These are outlined in the body of the report. As an Order will be largely focused on detailed governance to secure the transition from current authorities to new authorities - and some contents of any Order will not be optional anyway - it is not considered necessary or appropriate for the Councils to locally consult on their preferences for a draft Order.

As regards the Advice on negotiations, delegation needs to be to Officers in accordance with legislative rules. Given the significance of the subject, this is proposed to be to the Chief Executives and subject to consultation with the Leader and Monitoring officers of each relevant council.

The implementation of unitarisation will be tightly regulated by parliamentary orders.

#### **4.4 Equality**

None arise from the Advice directly.

#### **4.5 Other Implications**

##### **Financial**

If a 'Section 24 Direction' is applied to the Councils, in summary this would mean written consent is also required from the Secretary of State or 'others he determines'. It is understood that 'others' could be the shadow authority, which in turn could delegate to its Section 151 Officer.

A direction would be expected to apply to:- land disposals over £100,000 consideration; entering into capital contracts over £1m consideration or where there is a term allowing the consideration payable to be varied; entering into non-capital contracts over £100,000 consideration; including an amount of reserves for future spend in budget calculations. (Whilst Government officials have indicated that these amounts can be altered, confirmation is being sought that there is the ability to cite different amounts in a direction without first amending the related legislative provision by a more generic Parliamentary order applying nationally. This can be determined via further dialogue with the Government officials).

In terms of the total of the expenditure incurred by the shadow authority, this would likely be proposed in the Order to be divided among, and paid by, the County Council and District/Borough Councils in such proportion as may be agreed between them; but, where there is no such agreement, there is a process for recourse to the Secretary of State and his appointment of an arbitrator.

There are no other financial implications arising from the Advice

##### **Environmental**

None arise from the Advice directly.

## **5. Background Papers**

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- 5.1 Proposal on Local Government Reform August 2018
- 5.2 West Steering Group meeting Minutes

**Francis Fernandes**  
**Borough Secretary and Monitoring Officer**  
**0300 330 7000**

## Appendix 1

### Preferences of West Northamptonshire Steering Group for Structural Changes Order

<b>Issue</b>	<b>Expressed Preference</b>
1. Name for the new unitary authority?	<ul style="list-style-type: none"> <li>• 'West Northamptonshire'.</li> </ul>
2. What form of unitary authority? District Council with County Functions, or, County Council with District Functions?	<ul style="list-style-type: none"> <li>• 'District with County' model.</li> </ul>
3. Number of councillors on unitary authority?	<ul style="list-style-type: none"> <li>• 93 councillors in total (as per the Councils' Joint Proposal)</li> <li>• 3 councillors per each electoral ward.</li> </ul>
4. Style and form of governance for shadow authority?	<ul style="list-style-type: none"> <li>• 'Leader and Cabinet model for shadow authority.</li> <li>• 'Executive' composition: <ul style="list-style-type: none"> <li>- 4 seats Daventry</li> <li>- 4 seats Northampton Borough</li> <li>- 4 seats South Northamptonshire</li> <li>- 6 seats Northamptonshire County.</li> </ul> </li> </ul>
5. Overview & Scrutiny for the shadow authority?	<ul style="list-style-type: none"> <li>• Seek establishment of an Overview and Scrutiny Committee.</li> </ul>
6. Responsibility for convening first meeting of the shadow authority?	<ul style="list-style-type: none"> <li>• Chief Executives to determine.</li> </ul>
7. Sharing of costs of the shadow authority?	<ul style="list-style-type: none"> <li>• (In principle and subject to confirmation from County Council) Costs to be met by councils in proportion to seats on the shadow authority.</li> </ul>
8. Number of votes per 'twin hatter'? (on the shadow authority only)	<ul style="list-style-type: none"> <li>• A 'twin hatter' to have 2 votes.</li> </ul>
9. What election cycle for unitary authority? District, County or bespoke?	<ul style="list-style-type: none"> <li>• District cycle ultimately: <ul style="list-style-type: none"> <li>- Elections in 2020 for 4 years term</li> <li>- Elections in 2024 for 3 years term</li> <li>- Elections in 2027 and thereafter as per normal district cycle.</li> </ul> </li> <li>• By-elections not to be held before Vesting Day.</li> </ul>
10. Preference for Borough status for new unitary authority?	<ul style="list-style-type: none"> <li>• Seek ability for shadow authority to apply for borough status.</li> </ul>

11. 'Section 24 direction' to be applied to councils? (under Local Government and Public Involvement in Health Act 2007)?	<ul style="list-style-type: none"> <li>• (In principle) Seek a 's.24 direction' (consequential to Structural Changes Order).</li> </ul>
12. Government address of significant implementation challenges ("asks")?	<ul style="list-style-type: none"> <li>• Seek commitments via Structural Change Order.</li> </ul>

Appendices: 1



**NORTHAMPTON**  
BOROUGH COUNCIL

# COUNCIL

## 25 February 2019

**Agenda Status: Public**

**Directorate:** Borough Secretary and  
Monitoring Officer

<b>Report Title</b>	<b>Local Government Reform in Northamptonshire – Proposed Joint Committee</b>
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### 1. Purpose

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- 1.1 To consider establishment of a joint committee between councils with functions related to implementation of local government reform for Northamptonshire.

### 2. Recommendations

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- 2.1 A “West Northamptonshire Joint Committee” of 16 seats (4 per council) be established with Northampton Borough Council, South Northamptonshire Council, Daventry District Council and Northamptonshire County Council, effective from 28 February 2019, with delegated functions as set out in the terms of reference at Appendix 1, subject to these other councils so resolving.
- 2.2 The statutory allocation of seats to political groups following the rules of proportionality will for Northampton Borough Council be, 3 Conservatives and 1 Labour Members. Council is invited to make nominations to the Joint Committee.
- 2.3 Subject to recommendations above being approved, the Monitoring Officer be delegated to agree a “West Northamptonshire Joint Committee Agreement” identifying appropriate standing order and operating practices for the Committee; and in consultation with the Leader of the Council, to negotiate, finalise and enter into the proposed agreement with the other councils.

### **3. Issues and Choices**

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#### **3.1 Report Background**

- 3.1.1 In August 2018, this Council and six other councils resolved to submit a joint proposal (“Joint Proposal”) for two new unitary authorities covering the county to the Secretary of State for Housing, Communities and Local Government. That proposal was duly submitted and is now for the Secretary of State to consider.
- 3.1.2 One of the proposed unitary authorities comprised the current administrative areas of Daventry, Northampton and South Northamptonshire (referred to as “West Northamptonshire”) established to discharge all local government functions of county and district councils.
- 3.1.3 At the time of writing this report, the Secretary of State had not decided whether to accept the Joint Proposal. However, he decided to embark on an eight week public consultation on it from 29 November 2018 to 25 January 2019. Subject to his consideration of consultation responses, ultimately this could lead to a Parliamentary decision to establish a new unitary authority for West Northamptonshire in spring 2020, with a shadow unitary authority as the interim transition body later in 2019.
- 3.1.4 Each of the West Northamptonshire councils is due to receive and consider a largely common report, based on the agreed preferences of the Leaders’ Steering Group.
- 3.1.5 (For information: The Secretary of State also laid a “Northamptonshire (Changes to Years of Elections) Order before Parliament, identifying this as a separate and pragmatic initiative to avoid confusion of the public and unnecessary expense at this time. This Order was confirmed and has postponed district and borough elections due in 2019 to 2020).
- 3.1.6 Purpose of a Joint Committee  
It is considered wise to be in a position to best influence the next steps of prospective reorganisation by the Secretary of State, by expressing local preferences prior to, but particularly in respect of the governance of, a shadow authority. This influence is best achieved by making decisions that are consistent and timely.
- 3.1.7 At the time of agreeing to submit the Joint Proposal, councils also agreed to interim (and informal) arrangements for managing the associated work programme. These have included a series of county-wide and West Northamptonshire Member-led steering groups involving Leaders, officer programme boards involving Chief Executives, and meetings with key officer groups.
- 3.1.8 The current interim arrangements prove useful, but they were not necessarily expected to remain unchanged. The steering groups and programme boards do not have formal authority to make decisions on behalf of relevant councils in respect of many of the details of prospective local government



reorganisation. Their considerations have led to the production of this common report advocating the establishment of a (formal) joint committee, to achieve consistent decisions and, thus, influence ahead of a shadow authority particularly on governance matters.

- 3.1.9 Members will appreciate that there have been very few areas of such local government reorganisation in recent years. A learning point from the recent Dorset experience is that a joint committee should be established. At the well-attended LGA-led seminars for all Members held at Northampton Saints in November and December 2018, speakers from councils which had been through, or are going through reorganisations recommended adoption of clear and strong common positions – both to ensure better preparation locally and to use in negotiations with Government officials – and indicated the benefits of a joint committee being created ahead of shadow authority arrangements to achieve such local coordinated leadership.
- 3.1.10 Dealing promptly with matters is especially pertinent given the challenging timeframe. Fundamentally, there is no timely dispute resolution process should that become necessary. Members will appreciate that the different dates of meetings for each existing council would not help the timeliness of joint decision-making – especially if decisions would need to be taken by the less frequent full Council meetings
- 3.1.11 A joint committee would be able to be the single point of resolution and able to handle matters in more timely fashion. Without a joint committee, any such decisions of political consequence would need to be presented separately to each of the four individual councils with the hope that they agree the same thing. They might agree but the risk is that they might not, and influence could be weakened or lost.
- 3.1.12 A further feature of a joint committee is that, unlike the interim governance arrangements, its meetings would normally be in public. Openness and transparency are part of good government and this would be duly served.
- 3.1.13 The considered view is that the more formal arrangement of a joint committee would indeed enable a common position to be promptly reached and – for influencing purposes – enable a united and stronger front to be presented to the Secretary of State and Government officials, particularly in time-pressured circumstances. The Joint Committee will be empowered to establish advisory Task and Finish Groups, comprised of such members as the Joint Committee see fit, to advise the Joint Committee on key work streams. This will allow greater participation and effectiveness.
- 3.1.14 Business of a Joint Committee  
Whilst there have not been any substantive issues requiring formal Council decisions since the Joint Proposal was submitted, this can be expected to change once the consultation responses have been considered. In particular, the key process for establishing new shadow and unitary authorities is agreement of a Structural Changes Order ('Order') by both Houses of Parliament.

- 3.1.15 The Order would set the basic governance and operating principles for the shadow authority and subsequent unitary council. It would be drafted by Government officials but it is considered wise for the councils to seek to influence the Order's content. Hence, there is a separate report to Council setting out local preferences for that content. When it comes to negotiations on this – and other matters in the build-up to reorganisation - the risk to consistency of approach is greater without a single formal decision-making body. If established and in so far as this fell within the proposed terms of reference, a joint committee would be able to consider subsequent iterations of the draft Order and provide the common position to Government officials.
- 3.1.16 In the spirit of seeking smooth transition, a joint committee would usefully develop recommendations for the shadow authority on obligatory matters such as a Constitution, Standing Orders and a Code of Conduct for Members, and the nomination of interim statutory officers. Collective recommendations by a joint committee on these and other governance matters (as included in its terms of reference) would give a shadow authority the opportunity to 'hit the ground running', ensure legal compliance and allow it to spend more of its time preparing budgets and plans that it considers necessary or desirable for a new unitary authority. This in turn would help a new unitary authority to be in a better position to focus early on service delivery.
- 3.1.17 It is not proposed to give wider-ranging responsibilities to such a joint committee at this time. For example, it would not be involved in service planning for any authority. Of note, it will be for a shadow authority to decide if it wishes to accept a joint committee's recommendations and, whilst such a joint committee would be represented by a few of each council's current Members, a shadow authority would comprise all Members of the councils.
- 3.1.18 Consequently a proposed West Northamptonshire Joint Committee, with terms of reference as set out at Appendix 1, would discharge primarily 'influencing' functions within its limited remit and its limited lifespan. It is emphasised that a joint committee with the proposed remit would still be supported by the interim governance arrangements already in place – including the steering group and programme board for West Northamptonshire.
- 3.1.19 Terms of reference agreed for the Joint Committee can be reviewed if appropriate subject to proper approval thorough the executive and full council. This might be necessary if a shadow authority is planned to be established later rather than sooner, and 'vesting day' for a new unitary is not extended in compensation.
- 3.1.20 Membership of a Joint Committee  
In terms of numbers, the recommendation of the West Steering Group (Leaders-led) is that the Joint Committee would have 4 Members from each council (making a Committee of 16). This number has been devised to keep the committee to a manageable size with proportionate representation from all councils.

- 3.1.21 Under political balance rules, if a joint committee is established with at least three Members per council the appointment to it has to be made by each authority and comply with political balance rules. Those rules apply to each authority individually (save for the County Council because this is not affecting the whole of its administrative area). It is not the balance of the collective grouping that is to be achieved rather it is the balance of each council's representation on it that has to be achieved.
- 3.1.22 Furthermore, such a new committee causes review of the overall balance of the council irrespective of it occurring (in this case) ahead of the Annual Meeting. The rules also allow for variation of normal political balance arrangements; namely, if the Council wishes to adopt committee memberships which do not accord with political balance arrangements this must be agreed *nem con* (i.e. without any Member voting against). Hence the report includes confirmation of the Council's representation on both the Joint Committee and across all of its committees.
- 3.1.23 For the Council, the political balance in establishing the Joint Committee with 4 Members would be a requirement for 3 Conservative Members and 1 Labour Member to be appointed to it. The consequence across the other committees is that there would be no changes required to maintain a politically balanced position. As already stated, this can be different if agreed by Council *nem con*.
- 3.1.24 In determining membership, Council is invited to appoint substitute Members for the Joint Committee in order to ensure representation. This is appropriate for this committee given the occasional different practical arrangements applying to it (e.g. out-of-area venue).
- 3.1.25 Meetings of a Joint Committee  
The Joint Committee would meet before a shadow authority is established. Of course, if the ultimate decision is not to lay an Order, or the Order was not agreed, the Joint Committee would have no further purpose and would be ceased.
- 3.1.26 It should be noted that the Joint Committee will also be empowered to establish Task and Finish groups to facilitate the development of proposals for the Joint Committee to adopt. The Joint Committee will appoint to these Task and Finish groups as appropriate.
- 3.1.27 It is proposed that the Chairman of the Joint Committee be elected by the Committee at its inaugural meeting.
- 3.1.28 Agreement for a Joint Committee  
The Joint Committee would be as per a conventional committee in compliance with national rules. To formalise the arrangements for a Joint Committee, an agreement is normally applied. Example agreements from other areas cite functions (as per the terms of reference) and the ground rules. These include matters such as meeting administration, the committee procedure rules to follow, sharing of support costs, information and data protection, scrutiny and audit, and termination arrangements. In terms of committee procedures, it might be sensible and expedient that the rules of

one of the councils be deployed, and to include for Members and the public to table questions, motions to be tabled in the usual ways, quorum to be one quarter of committee membership – without County Council bias, for the reasons given earlier - , rules of debate, provision for recorded votes, and voting normally by show of hands.

- 3.1.29 Given timeframes, it is proposed that the agreement be produced by the Monitoring Officers of the councils

## **4. Implications (including financial implications)**

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### **4.1 Financial**

Under the Local Government Act 1972, the expenses incurred by a joint committee shall be defrayed by the constituent councils in such proportions as they may agree or, in the case of disagreement, by an arbitrator appointed by the Secretary of State. It is proposed that the costs be defrayed in proportion to the number of Members appointed. These would be able to be funded from existing budgets or the resource allocation identified in the Council's resolution on local government reform in August 2018.

### **4.2 Policy**

- 4.2.1 None arise from the Advice directly. The recommendations are pursuant to the Councils' agreed position on local government reorganisation.

### **4.3 Resources and Risk**

- 4.3.1 In terms of the Advice, support to the joint committee would be given by existing personnel from one or more of the councils. This will be clarified in a formal agreement and could be from a single lead governance team or from the governance team of the council where the meeting is being held if rotated.

### **4.4 Legal**

Section 101(5) of the Local Government Act 1972 enables a local authority to enter into arrangements for the discharge of its functions jointly with, or by, one or more other authority. Under Section 102 of the 1972 Act, local authorities are empowered to appoint joint committees to discharge functions of the councils or to advise the councils. It is for full Council to establish such a committee and this is reflected in the Council's Constitution.

Political balance requirements are embodied in the Local Government and Housing Act 1989. In particular, Section 15 of the Act comprises the duty to allocate committee seats to political groups and Section 16 comprises the duty to appoint Members to them. There are various secondary Regulations detailing the requirements

### **4.5 Equality**

- 4.5.1 None arise from the report directly.

## **4.6 Other Implications**

### **4.6.1 Environmental**

None arise from the report directly.

### **4.6.2 Crime and Disorder**

None arise from the report directly.

## **5. Background Papers**

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5.1 Proposed to Government on Local Government Reform – August 2018

5.2 Various minutes – West Steering Group

**Francis Fernandes**  
**Borough Secretary and Monitoring Officer**  
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## **Appendix 1**

### **West Northamptonshire Joint Committee**

#### **Draft Terms of Reference**

1. To consider and recommend a Constitution to be adopted by the Shadow Authority at its inaugural Full Council meeting;
2. To consider and recommend a Members Code of Conduct to be adopted by the Shadow Authority at its inaugural Full Council meeting;
3. To agree and undertake the recruitment process for the selection of the posts of Interim Head of Paid Service, Interim Chief Finance Officer (section 151 Officer) and Interim Monitoring Officer for the Shadow Authority and recommend to the Shadow Authority at its inaugural meeting nominations for the three interim statutory Officers;
4. To consider and recommend to the Shadow Authority at its inaugural meeting a nomination for the post of Returning Officer;
5. To monitor and seek to mitigate any potential risks associated with the Local Government Reform programme (LGR), the creation of a Shadow Authority and creation of a unitary authority for West Northamptonshire and to establish/agree relevant protocols or process's to manage the risks to LGR;
6. To establish and propose a Calendar of Meetings for the Shadow Council for adoption at its inaugural meeting.
7. To respond to consultations on the content of orders, consents or any other matters where specifically requested to do so by the West Steering Group
8. To establish/agree any protocol or process which, if not implemented timeously, may threaten the establishment of a Unitary Council within the deadline set by the Secretary of State.
9. To receive recommendations/reports from work streams that require Joint Committee approval so long as those relate to the Joint Committee's terms of reference referenced above.
10. To agree the process for an independent review of a scheme of Members Allowances for the Shadow Authority, including the setting up of an Independent Remuneration Panel and to recommend to the Shadow Authority a scheme of Members Allowances for adoption at its inaugural meeting;

**Appendices:**  
**A. Consultation Responses**  
**B. Table of Changes**



**NORTHAMPTON**  
 B O R O U G H C O U N C I L

**COUNCIL**  
**25 February 2019**

**Agenda Status: Public**

**Directorate:** Customers and Communities

<b>Report Title</b>	<b>STATEMENT OF LICENSING PRINCIPLES IN RESPECT TO GAMBLING 2019 - 2022</b>
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**1. Purpose**

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1.1 To seek the adoption of the attached Statement of Licensing Principles in respect to Gambling following the three yearly review required by the Gambling Act 2005 ('the Act').

**2. Recommendations**

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2.1 That the Policy attached to this report be approved for publication as the Council's Statement of Licensing Principles in respect to Gambling under section 349 of the Act for the three year period commencing 1 March 2019.

2.2 That once approved the Policy is published in accordance with the relevant regulations and as set out at paragraph 3.2.3.

**3. Issues and Choices**

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**3.1 Report Background**

3.1.1 The Act passed the responsibility for the licensing of premises used for gambling to local authorities.

3.1.2 Section 349 of the Act requires all licensing authorities to prepare and publish a statement of principles they propose to apply in exercising their functions under the Act and in particular the following three licensing objectives:

- Keeping gambling crime free;
- Making sure that gambling is fair and open; and,

- Protecting children and vulnerable adults.
- 3.1.3 The statutory period for the review of the policy is every three years. The last statement was approved by the Council on 7 March 2016 and came into effect in March 2016. A new statement must be prepared and published with a view to it coming into force on 1 March 2019.
- 3.1.4 A review of the Policy Statement has now taken place and a table of changes is attached as Appendix B.
- 3.1.5 The Act requires the following persons to be consulted regarding the review of the Policy Statement.
- The Chief Officer of Police;
  - One or more persons who appear to the authority to represent the interests of persons carrying on gambling businesses in the authority's area; and,
  - One or more persons who appear to the authority to represent the interests of persons who are likely to be affected by the exercise of the authority's functions under the Act.
- 3.1.6 Consultation was undertaken between 10 December 2018 and 1 February 2019. Two responses were received, one of these was to correct an error in contact details for one of the consultees and the other was to recommend reference to the LGA guidance which had been considered in the drafting of the statement.. The responses are attached at Appendix A.
- 3.1.7 In Northamptonshire, the outline statement is prepared jointly by all local authorities in the county with specific local information being provided by officers from Northampton Borough Council. The review of the policy took account of guidance provided by the Local Governmental Association and Gambling Commission.

### **3.1 Decision details**

- 3.2.1 The draft Policy Statement, together with the consultation responses received, was considered by the Licensing Committee on 5 February 2019 and recommended for approval by full Council
- 3.2.2 Licensing committee also resolved to retain the existing policy of not adopting a "No Casino" resolution as outlined in section 166 of the Act, noted that the updated policy contains outline guidance for operators on the considerations that should be included in local risk assessments and resolved to write to the Minister with responsibility for gambling to express concern about the low level of funding allocated by central government to prevent gambling from becoming an addiction and/or causing harm.
- 3.2.3 The completed Policy Statement will be published for at least 4 weeks on the Council's website and made available for inspection during office hours at the One Stop Shop in the Guildhall. A Notice will be published in the Northampton Chronicle and Echo giving details of publication of the statement



and where a copy can be viewed. A copy of the notices will also be displayed on public notice boards at the Guildhall.

#### **4. Implications (including financial implications)**

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##### **4.1 Policy**

4.1.1 This policy replaces the existing Statement of Licensing Policy adopted in March 2016.

##### **4.2 Resources and Risk**

4.2.1 If a revised Policy is not adopted by 1 March 2019, the authority will be in breach of its duty under section 349 of the Act.

##### **4.3 Legal**

4.3.1 When exercising its functions under the Gambling Act 2005 the Council must ensure that it does so in a way that is consistent with the three Licensing Objectives and in accordance with the Statement of Gambling Principles it prepares and publishes under the Act. There are no new enforcement issues to take into account in the proposed revision to the Statement. The principles within the Statement of Gambling Principles must be approved by Council before 1 March 2019 when the previous statement expires.

4.3.2 Section 349 of the Act expressly states that a licensing authority shall, before each successive period of three years:

- (a) prepare a statement of principles that they propose to apply in exercising their functions under the Act during that period; and
- (b) publish the statement in accordance with regulations made under the Act.

The purpose of this report and the accompanying draft policy, and the recommendations are commensurate with the obligations under statute, in particular the Act.

##### **4.4 Equality**

4.4.1 The purpose of the statement is to assist the licensing authority to exercise its function so as to meet the licensing objectives. A key objective is to protect children and vulnerable adults.

##### **4.5 Other Implications**

4.5.1 None

#### **5. Background Papers**

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5.1 Local Government Association Guidance <https://www.local.gov.uk/tackling-gambling-related-harm-whole-council-approach> and <https://www.local.gov.uk/gambling-regulation-councillor-handbook-england-and-wales>

5.2 Gambling Commission Guidance

<https://www.gamblingcommission.gov.uk/PDF/quick-guides/Councillors-guide.pdf>

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## Appendix 1

### Summary of consultation responses to Statement of Gambling Principles

Response from Northamptonshire Fire and Rescue Service correcting an error in their contact detail. The requested amendment has been made in the final draft policy

Response from Gamble Aware summarised below:

*GambleAware is an independent charity tasked to fund research, education and treatment services to help to reduce gambling-related harms in Great Britain. We work in partnership with the Gambling Commission and its independent advisors, the Responsible Gambling Strategy Board, to deliver many aspects of the National Responsible Gambling Strategy.*

*Due to the resource constraints on a small charity, we are not able to offer specific feedback on your policy. However, we do strongly commend two recent publications by the Local Government Association which set out the range of options available to local authorities to deal with gambling-related harms using existing powers.*

<https://www.local.gov.uk/tackling-gambling-related-harm-whole-council-approach>  
<https://www.local.gov.uk/gambling-regulation-councillor-handbook-england-and-wales>

*We fully support local authorities which conduct an analysis to identify areas with increased levels of risk for any reason, but particularly where there are higher than average resident or visiting populations from groups we know to be vulnerable to gambling related harm – children, the unemployed, the homeless, certain ethnic-minorities, lower socio-economic groups, those attending mental health (including gambling disorders) or substance addiction treatment services – and include additional licence requirements to mitigate this increased level of risk.*

The guidance mentioned in the response has been considered in the drafting of the policy.

## **Appendix 2**

### **Summary of proposed changes**

#### Part A

Paragraph 2.4 – consultation in accordance with Cabinet Office consultation principles updated reference to correct web page.

Paragraph 7.7 change to Department of Business, Energy and Industrial Strategy

#### Part B

New paragraphs 1.8 and 1.9 detailing the expected content of local risk assessments.

Section 4 updated content on Casinos

#### Part C

Paragraph 7.1 additional sentence in relation to factors that influence the risk status of small society lotteries.

Annexes updated list of consultees.