

NORTHAMPTON BOROUGH COUNCIL

AUDIT COMMITTEE

Your attendance is requested at a meeting to be held at the The Jeffrey Room, St. Giles Square, Northampton, NN1 1DE. on Monday, 9 January 2012 at 6:00 pm.

D. Kennedy
Chief Executive

AGENDA

1. APOLOGIES

Please contact Joanne Birkin on 01604 837358 or jbirkin@northampton.gov.uk when submitting apologies for absence.

2. MINUTES

To approve the minutes of the meeting held on 24th November 2011.

3. DEPUTATIONS / PUBLIC ADDRESSES

4. DECLARATIONS OF INTEREST

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

6. CORPORATE DEBT- PROGRESS AND AGE DEBT ANALYSIS Robin Bates X7119

7. TREASURY MANAGEMENT STRATEGY REPORT 2012-13 TO 2014-15 Bev Dixon x7401

8. RISK MANAGEMENT UPDATE Sue Morrell X8420
Summary of progress and key developments, plans for the coming year.

9. ENVIRONMENTAL SERVICES - RISK REGISTER Julie Seddon

10. RISK REVIEW OF 2012/13 BUDGET Bill Lewis

11. AUDIT COMMITTEE TERMS OF REFERENCE Isabell Procter/
Bill Lewis

12. FINANCE AND PERFORMANCE REPORT TO OCTOBER 2011 Bill Lewis X7167
Regular update of financial/ performance data.

13. INTERNAL AUDIT PROGRESS REPORT
C Dickens,
Internal
Auditor
(PWC)
14. EXTERNAL AUDIT UPDATE
N Bellamy,
External
Auditor
(Audit
Commission)
15. EXCLUSION OF PUBLIC AND PRESS
THE CHAIR TO MOVE:
“THAT THE PUBLIC AND PRESS BE EXCLUDED FROM THE
REMAINDER OF THE MEETING ON THE GROUNDS THAT
THERE IS LIKELY TO BE DISCLOSURE TO THEM OF SUCH
CATEGORIES OF EXEMPT INFORMATION AS DEFINED BY
SECTION 100(1) OF THE LOCAL GOVERNMENT ACT 1972 AS
LISTED AGAINST SUCH ITEMS OF BUSINESS BY
REFERENCE TO THE APPROPRIATE PARAGRAPH OF
SCHEDULE 12A TO SUCH ACT.”

SUPPLEMENTARY AGENDA

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

AUDIT COMMITTEE

Thursday, 24 November 2011

PRESENT: Councillor Hallam (Chair); Councillor Oldham (Deputy Chair); Councillors Beardsworth, Gowen, Nunn and Subbarayan

1. APOLOGIES

None.

2. MINUTES

The Minutes of the meeting held on 26th September 2011 were agreed and signed by the Chair as a true record.

3. DEPUTATIONS / PUBLIC ADDRESSES

Mr B Hoare referred to the External Auditor's report and noted that he had addressed the last meeting in respect of the reporting of budget and performance monitoring and accessibility to that information. Since that meeting he had not been able to find this information on the Council's website.

The Director of Finance and Support reported that all the budget monitoring information was available on the website and a simple search using the term "budget monitoring" would locate it. The performance monitoring information was not yet available on the website and the Committee would be updated at its meeting in January 2012.

4. DECLARATIONS OF INTEREST

There were none.

5. MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE CHAIR IS OF THE OPINION SHOULD BE CONSIDERED

There were none.

6. TREASURY MANAGEMENT MID YEAR REPORT 2011-12

The Director of Finance and Support submitted the Treasury Management Mid Year report 2011-12 for review and comment before being submitted to Cabinet and Council and elaborated thereon. In answer to questions the Director commented that the Treasury Strategy was risk adverse with the principles of security, liquidity and yield being applied; and that the Prudential Indicators had been previously agreed by Council and in relation to Housing Finance Reform the borrowing was a legal requirement.

RESOLVED : 1. That the report be approved for submission to Cabinet in December and to Council in January.

2. That the Treasury Management Team be congratulated upon their performance.

7. INSURANCE MANAGEMENT UPDATE

The Director of Finance and Support submitted a report that set out an overview of the Council's Insurance Management function and elaborated thereon. In answer to questions

the Director commented that the tenders for insurance management software would be sent out in January 2012 with an intended transfer from the old system to the new commencing in April; that the references to “money” and “travel” in Table 1 referred to cash and any travel related incidents concerning employees respectively; that in respect of paragraph 3.2.14 it was intended that any new Broker would provide the same services as the existing; and terrorism was accounted for as appropriate within other policies.

RECOMMENDED : That the report be noted.

8. RISK MANAGEMENT STRATEGY

The Director of Finance and Support submitted a report Committee received a report on the Council's updated Risk Management Strategy, and noted that the Council was now prepared to accept a greater degree of risk which was sign of a more mature organisation.

RESOLVED: That the updated Risk Management Strategy be noted submitted to Cabinet for approval.

9. PROCUREMENT FINAL REPORT

The Internal Auditor submitted a report Committee considered a report that summarised the results of the 2011/12 procurement internal audit, elaborated thereon, thanked Management for their support whilst the audit was being conducted and noted that the implementation of the report recommendations would be monitored during the 4th Quarter.

The main points of discussion were as follows:-

- The audit had revealed the need for Council wide training;
- New management of the Procurement function had been put in place and proactive procedures were being put in place to govern the function to assist Managers;
- A work plan had been created to reflect the recommendations of the report and to manage the delivery of them;
- A central repository of contracts was being created;
- New controls using set frameworks for new suppliers had been set up;
- Mini audits of the delivery of contracts would be conducted to ensure that contract terms were being met;
- Legal Services checked all contract documents;
- That staff would be channelled by the system into the appropriate supply agreement without the ability to go elsewhere; and
- That the report would provide a benchmark for the future.

RESOLVED; That the report be noted.

10. CORPORATE DEBT - PROGRESS AND AGE DEBT ANALYSIS

The Director of Finance and Support submitted a report that set out an analysis of debt and the age of outstanding debt across the Council.

RESOLVED That the report be noted.

11. INTERNAL AUDIT PROGRESS REPORT

The Internal Auditor submitted a report that set out progress against the approved internal audit plan for 2011/12 and noted that since publication of the agenda 455 of the plan had now been completed. He made particular reference to the bullet points on page 4 of the Appendix and noted that the individual reports and recommendations could be tracked on

Team Central. In answer to a question the Internal Auditor noted that some recommendations could be implemented quicker than others but that in any case implementation would be monitored.

RESOLVED; That the report be received.

12. EXTERNAL AUDIT UPDATE

12.1 REGULAR UPDATE

The External Auditor reported, that in respect of the external audit for 2010/11 grant claims would be signed off on 25 November 2011 and that this would complete that year's audit. The audit for 2011/12 would commence once the Internal Auditor had completed his work.

RESOLVED: That the report be noted.

12.2 AUDIT COMMISSION ANNUAL AUDIT LETTER 2010/11

The External Auditor submitted the Annual Audit letter for 2010/11 and elaborated thereon. In answer to questions he noted that the national changes to the Housing Revenue Account (HRA) did pose potential risks; the Council would need to be in a position to proceed with Decent Homes schemes at short notice once funding was confirmed.

The Director of Finance and Support noted that in the scale of overall expenditure the level of underspend on the HRA was minimal. The underspend on the General Fund was due debt financing reductions resulting from slippage in the Capital Programme. She also noted that some pension fund contributions had been paid up front which had also resulted in savings that in turn had been used to pay contributions that were due next year in this financial year; this would also lead to savings in future years. A report would be submitted to Cabinet on 14 December in respect of savings and pressures in the General Fund. In answer to a question the Director commented that the Government funding for Decent Homes was still only indicative and that most of it would become available, if confirmed, at the back end of the project, ie in 2014/15. She reminded the Committee that even so this would not meet all of the Decent Homes backlog costs; the balance would have to be met from General Reserves and Prudential Borrowing.

RESOLVED: That the Annual Audit Letter for 2010/11 be received.

The meeting concluded at 19.03 hours

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AUDIT COMMITTEE REPORT

Report Title	Corporate debt – Progress and Age debt analysis
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AGENDA STATUS: PUBLIC

Audit Committee Meeting date:	9 th January 2012
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Councillor Alan Bottwood

1. Purpose

- 1.1 The Chair of the Audit Committee has requested a report to be provided to each Audit Committee that shows analysis of debt and the age of outstanding debt across Northampton Borough Council (NBC)

2. Recommendations

- 2.1 That the Audit Committee note the latest updated analysis of debt.

3. Issues and Choices

3.0 Report Background

- 3.1 The corporate debt recovery team is responsible for the recovery of all overdue debt across the Council. Initially requests for payment should be requested from individual service areas, with the appropriate reminder notices issued to ensure income is collected as soon as possible. Where this has been completed and debts are still outstanding the debt is then passed to the Councils recovery team in order to seek payment of the debt. The recovery team have responsibility for recovery of overdue debt as follows:

- Council Tax
- Business Rates (NNDR)
- Business improvement district levy (NNDR)
- Council Tenants but not current rent arrears
- Former Council Tenants
- Service Charges for leaseholders
- Re-chargeable repairs – current tenants
- Re-chargeable repairs – former tenants
- Housing benefit overpayments
- Sundry debts (i.e. Council services)

3.2 The debt recovery team liaise with all service Departments to ensure that income collection and debt avoidance practices are adopted across the Council. This ensures that the quality of debts passed to the section is improving and that the requirements of the Councils Debt recovery policy can be followed in a timely manner.

4. Issues

4.1 Excellent progress has been made in taking a single approach to debt recovery and the Revenues debt management team will continue to work across service areas to ensure we take a truly corporate approach to debt avoidance and recovery.

5 Progress

- Data cleansing and action against old debt continues. An analysis of progress in debt reduction within the IRAS system is shown below: This is all debt from the issue of a level 2 letter, the recovery team's first involvement

	Mar-10	Mar-11	Apr-11	Jul-11	Oct-11	Nov-11
Pre 07-08	613,897.53	442,858.22	439,022.83	402,588.64	372,238.10	347,536.37
07-08	225,881.06	147,882.14	138,813.67	117,916.33	102,853.91	100,841.89
08-09	344,995.10	138,217.29	128,594.37	103,752.30	78,743.49	74,515.80
09-10	551,858.76	132,219.96	128,187.76	85,096.95	69,121.17	63,350.08
10-11		548,489.32	709,499.47	248,902.34	165,337.75	149,735.79
Total	1,736,632.45	1,409,666.93	1,544,118.10	958,256.56	788,294.42	735,979.93

Historic debt has been reduced by £673.7k since the end of March 2011 which demonstrates that processes for recovery, write-off and new arrangements are still being delivered, although many of the arrangements in place are for nominal payment arrangements, either weekly and in some cases monthly.

- We have compiled corporate debt matrix that monitors the % of debt not currently managed within the Council. This offers an “at a glance” view of all debt across the Council, along with the current status of

debt. This has improved the way our portfolio holder and management board review our position on debt.

- The target this year is to continue to reduce the amount of the amount of unmanaged debt and this is demonstrated in Appendix A – Managed Debt Analysis 2011/12.
- Overall debt levels as at 30th November 2011
Unmanaged debt is 51.8% less than at the end of March 2011 and 57.4% less than the same time last year.
The overall outstanding arrears are £537.6k less than at the same point last year.
- Council Tax as at 30th November 2011
Unmanaged debt is £140.9k less than the same time last year.
The overall outstanding arrears are £777.6k less than at the same point last year.
- Business Rates as at 30th November 2011
Unmanaged debt remains unchanged.
The overall outstanding arrears are £210k less than at the same point last year.
- Former Tenant Arrears as at 30th November 2011
Unmanaged debt is 51.1k less than the same time last year.
The overall outstanding arrears are £102.6k less than at the same point last year.
- Housing Benefit Overpayments Payments as at 30th November 2011
Unmanaged debt is £207k less than the same time last year.
The overall outstanding arrears are £407k more than at the same point last year. Whilst income collection is above target, these cases remain very difficult to collect and the increase in our rent allowance caseload of 50% has impacted on the debt levels in this area. Benchmarking with similar sized Councils reflects the trend at Northampton.
- Sundry Debts as at 30th November 2011
Unmanaged debt is £354.1k less than the same time last year.
The overall outstanding arrears are £146.7k more than at the same point last year.

We have previously advised that the concept of measuring un-managed debt, against a clearly documented set of behaviours for each debt type, will in itself improve performance. Therefore all unmanaged debt that is highlighted, can be prioritised, a plan to improve can be developed and implemented.

Key areas of recent activity include:

1. Award of Bailiff and Collection Agency contract

- This has led to a clearly defined performance framework from 1st November 2011
- Four companies working for us (with three in “reserve”, no need to re-tender)
- Failure to deliver to standard, referral of new cases ceases
- Poorest performer replaced.
- Performance meetings every 6 weeks, comparative figures shared with all
- This covers all debt types, but different actions dependent on liability orders/judgements

2. Court Activity

- We have increased the number of cases where court action taken, where cases have been returned from collection agencies
- Money Claims on-line for Sundry Debts and FTA
- Bulk Centre Claims for Housing Benefit Overpayments
- Reduction in Council Tax summons issued, due to a more generous selection criteria due to the current financial climate and an overall increased collection rate.

3. Improvement in recovery timetables, driven by performance management

- Cases reviewed on weekly or monthly basis, dependent on behaviours for debt type, driven by system parameters and review dates (with the exception of IRAS). These are constantly improved, easier to make things the “norm” when they are up to date.
- Business driven reporting tools for all levels of debt and types, reactive to service needs, and resource availability. Reporting on items of focus, whilst they are in focus.
- Encouraging change in how we view and tackle customers with debts.
- Re-training of team members and tackling individual performance issues

4. Interviewing customers

- Conveyor-belt approach to recovery is not enough, triggers of contact need to be created
- Interviews set up based on intelligence and circumstances
- Inviting serious debtors in for interviews (consistently 30% attendance rate)
- Joint meetings for Housing & Council Tax Cases, cases where notice to seek possession has commenced (about 30% of December meetings also attended)
- Other customers, not wishing to attend, contact to make arrangement, or start making payment.

6. Choices (Options)

N/A

7. Implications (including financial implications)

7.0 Policy

7.1 As a result of priority debt as defined by the Corporate Debt Policy we now have £302.7k on hold awaiting clearance of priority debts. As more cases reach consideration for court action this category of debt pending other priority debt will increase.

Resources and Risk

We are still reviewing the implications of welfare reform on the collection of debts across the Council. Reductions in benefits will start to have an impact in 2011/12 and then properly in 2012/13. It is estimated that for those affected, benefits administered by Northampton Borough Council will reduce by over £2million in 2012/13. Reductions in state benefits may also occur meaning households will have less money to allocate to debts they may owe to Northampton Borough Council.

8 Legal

N/A

9 Equality

An equality impact assessment, initial screening has been completed and a subsequent action plan will be created identifying areas to develop as part of ongoing assessments.

10 Consultees (Internal and External)

We will continue to work closely with the public and the voluntary sector in order to ensure that we take a fair approach to debt recovery.

11 Implications

N/A

12. Background Papers

N/A

Report Author: Ian Tyrer, Revenues Manager

APPENDIX A – Managed Debt Analysis 2011/12

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
TOTAL ARREARS	19,131,164	18,858,181	17,853,179	18,300,059	17,543,736	16,546,113	15,932,430	15,980,705				
Awaiting Action	1,471,740	1,344,078	1,130,890	1,194,846	1,095,421	1,003,148	1,021,854	559,935				
Debt in Progress	17,659,424	17,514,103	16,722,289	17,105,213	16,448,315	15,542,965	14,910,576	15,421,860				
% Inactive debt [PI]	7.69%	7.13%	6.33%	6.53%	6.24%	6.06%	6.41%	3.50%				
CTAX	9,861,308	9,312,254	8,965,583	8,798,626	8,317,736	7,900,988	7,674,697	7,507,756				
Inactive	388,267	302,148	357,223	330,884	338,801	384,974	444,410	148,845				
In progress	9,473,041	9,010,106	8,608,360	8,467,742	7,978,935	7,516,014	7,230,287	7,358,911				
Inactive debt	3.94%	3.24%	3.98%	3.76%	4.07%	4.87%	5.79%	1.98%				
NDR	2,523,997	2,419,223	1,949,323	2,031,969	1,624,011	1,483,784	1,274,408	1,225,782				
Inactive	0	0	0	0	0	0	0	0				
In progress	2,523,997	2,419,223	1,949,323	2,031,969	1,624,011	1,483,784	1,274,408	1,225,782				
Inactive debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
FTA	1,414,084	1,390,874	1,422,396	1,400,314	1,417,501	1,347,224	1,357,274	1,396,226				
Inactive	121,473	112,976	157,715	191,959	154,045	145,330	138,673	127,052				
In progress	1,292,611	1,277,898	1,264,681	1,208,355	1,263,456	1,201,894	1,218,601	1,269,173				
Inactive debt	8.59%	8.12%	11.09%	13.71%	10.87%	10.79%	10.22%	9.10%				
HBOP	4,078,858	4,132,484	4,281,919	4,245,479	4,283,298	4,323,498	4,275,001	4,282,775				
Inactive	365,030	300,500	351,403	363,711	319,252	361,588	192,674	184,294				
In progress	3,713,828	3,831,984	3,930,515	3,881,768	3,964,046	3,961,910	4,082,328	4,098,481				
Inactive debt	8.95%	7.27%	8.21%	8.57%	7.45%	8.36%	4.51%	4.30%				
SD	1,252,917	1,603,346	1,233,958	1,823,673	1,901,189	1,490,617	1,351,049	1,569,256				
Inactive	596,969	628,454	264,548	308,293	283,323	111,255	246,097	99,744				
In progress	655,948	974,892	969,410	1,515,380	1,617,866	1,379,362	1,104,952	1,469,512				
Inactive debt	47.65%	39.20%	21.44%	16.91%	14.90%	7.46%	18.22%	6.36%				

<p>Appendices</p> <p>1</p>



AUDIT COMMITTEE REPORT

Report Title	TREASURY MANAGEMENT STRATEGY 2012-13 to 2014-15
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	9 January 2012
Policy Document:	Yes
Directorate:	Finance & Support
Accountable Cabinet Member:	Alan Bottwood

1. Purpose

1.1 To put the draft Treasury Management Strategy Report for 2012-13 to 2014-15 before Audit Committee for review prior to it being put to Cabinet and Council in February 2012 and to invite Audit Committee to put forward recommendations as they think appropriate.

2. Recommendations

2.1 That Audit Committee:

- a) Review the draft Treasury Management Strategy Report for 2012-13 to 2014-15 prior to it being put to Cabinet on 22 February 2012 and Council on 29 February 2012
- b) Put forward any recommendations that they think appropriate.
- c) Advise as to whether and how they would like any changes to the draft report subsequent to their review to be advised to them for consideration and comment.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The CIPFA Treasury Management Code of Practice requires the Council to nominate the body (such as an audit or scrutiny committee) responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices.
- 3.1.2 The Council has nominated the Audit Committee for this role (see Appendix A; Adoption of the CIPFA Code of Practice in Treasury Management in the Public Services). The role includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

3.2 Issues

Treasury Management Strategy Report 2012-13 to 2014-15

- 3.2.1 The Council's draft Treasury Management Strategy Report 2012-13 to 2014-15 is attached at **Appendix A**. This comprises a covering report and appendices (A to H). This report is timetabled to go to Cabinet on 22 February 2012 and Council on 29 February 2012.
- 3.2.2 Audit Committee are asked to review the report and to put forward recommendations to Cabinet and Council as they think appropriate.
- 3.2.3 Some details included in the draft report will or may need to be updated prior to the report going to Cabinet. This is due to:
- The time gap between Audit Committee and Cabinet,
 - The interface between the content of this report and the Council's other budget setting reports, and
 - The timing of announcements and regulations relating to housing finance reform under the Localism Act 2011.
- 3.2.4 Significant changes will arise from the firming up of government regulations and guidance in respect of Housing Finance Reform as detailed in the Localism Act, which will require the Council to undertake borrowing of £194.2m before the end of the financial year in order to make the statutory payment to CLG on 28 March 2012 to buy out of the housing subsidy system.
- 3.2.5 Other items that will almost certainly change are set out below. References are to the Cabinet report paragraphs and appendices:
- Economic background (Paragraph 3.2.1 and Appendix B)
 - Unallocated General Fund Reserves (Paragraph 3.2.13)
 - Counterparties meeting NBC investment criteria (Appendix F. Section 18 and Appendix G)
 - Council Priorities (Paragraph 4.6.1)
 - Current investment portfolio (Appendix F. Section 15)

- Average rate of return on investments in 2010-11 (Appendix F. Section 21)

3.2.6 Other changes may arise. In particular, any changes to the draft capital programme expenditure and/or financing plans will impact on the detailed figures included throughout the Treasury Management Strategy at Appendix F.

3.2.7 Audit Committee are asked to advise whether and how they would like any changes made to the draft report subsequent to their review to be advised to them for consideration and comment.

3.3 Choices (Options)

3.3.1 Audit Committee have the option to comment on the areas considered in the report and to make recommendations to Officers and to Cabinet and Council.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The CIPFA Treasury Management Code of Practice requires the Council to nominate the body (such as an audit or scrutiny committee) responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. Council has nominated the Audit Committee for this role, which includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and the making of recommendations to Council.

4.1.2 Further background detail is included in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15

4.2 Resources and Risk

4.2.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15

4.3 Legal

4.3.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15

4.4 Equality

4.4.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15

4.5 Consultees (Internal and External)

4.5.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15.

4.6 Other Implications

4.6.1 No other implications have been identified.

5. Background Papers

As set out in the attached draft Cabinet report, Treasury Management Strategy 2012-13 to 2014-15

Report Author: Bev Dixon, Finance Manager (Treasury), ext 7401



CABINET REPORT

Report Title	TREASURY MANAGEMENT STRATEGY 2012-13 to 2014-15
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	22 February 2012
Key Decision:	NO
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Finance and Support
Accountable Cabinet Member:	Alan Bottwood
Ward(s)	Not Applicable

1. Purpose

The purpose of the report is to bring to Cabinet:

- The Treasury Management Policy Statement
- The Treasury Management Practices (TMPs) and TMP Schedules for 2012-13
- The Treasury Management Strategy for 2012-13
- Other associated treasury management information for 2012-13

2. Recommendations

2.1 That Cabinet recommend to Council that they approve:

- a) The Treasury Management Policy Statement at **Appendix C**
- b) The Treasury Management Practices (TMPs) Main Principles at **Appendix D**
- c) The TMP Schedules for 2012-13 at **Appendix E**
- d) The Treasury Management Strategy for 2012-13 at **Appendix F**, incorporating:
 - (i) The Capital Financing and Borrowing Strategy for 2012-13 including:
 - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
 - The Affordable Borrowing Limit for 2012-13 as required by the Local Government Act 2003.
 - (ii) The Investment Strategy for 2012-13 as required by the CLG revised Guidance on Local Government Investments issued in 2010.
- e) That authority be delegated to the Council's Chief Finance Officer, the Director of Finance and Support, in liaison with the Portfolio Holder for Finance, to make any temporary changes needed to the Council's borrowing and investment strategy to enable the authority to meet its obligations.

2.2 That Cabinet recommend to Council that they note:

- a) Adherence to the Council's policy on reserves and balances (paragraph 3.2.13).
- b) Compliance with the requirement under the Local Government Finance Act 1992 to produce a balanced budget (paragraph 3.2.14 & 3.2.15).

3. Issues and Choices

3.1 Report Background

Treasury Management in the Public Services - CIPFA Code of Practice

3.1.1 The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Code), as set out at **Appendix A**. The latest adoption of the Code was formalised at the Council meeting of 25 February 2010, and is included in the Council's Financial Regulations.

3.1.2 In November 2011 CIPFA published new revised editions of both the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Code) and the associated Guidance Notes for Local Authorities (Guidance Notes). The requirements of the revised and updated Code and Guidance Notes have been fully incorporated into the Council's treasury management function and are reflected in this Cabinet report and Appendices.

CIPFA Prudential Code for Capital Finance in Local Authorities

3.1.3 CIPFA also published a new and updated edition of the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) in November 2011. The Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.

3.1.4 The Prudential Code requires the Council to set a range of prudential indicators for capital finance and a report setting out the prudential indicators for 2012-13 to 2014-15 is included elsewhere on this agenda.

3.1.5 Three key treasury indicators are prudential indicators and form part of the Prudential Code.

- Authorised limit for external debt
- Operational boundary for external debt
- Actual external debt

The authorised limit and the operational boundary for external debt are included in the Council's Treasury Management Strategy for completeness (Section 10 of **Appendix F**).

The actual net external debt is an outturn position, which will be reported in the Treasury Management Outturn report.

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

- Upper limits on fixed and variable interest rate exposures

- Upper and lower limits to the maturity structure of borrowing
- Upper limits to the total of principal sums invested for periods longer than 364 days

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

- 3.1.7 The Code states that all the indicators are to be presented together as one suite. The Council's prudential and treasury indicators have all been set within an integrated strategy for capital expenditure and financing and treasury management, and they are both brought to this same budget setting meeting for approval. The Council's Treasury Management Strategy includes both the prudential indicators relating to treasury, and the treasury indicators.
- 3.1.8 The Prudential Code requires that where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy. This is covered at Section 9 of the Council's Treasury Management Strategy attached at **Appendix F**.

3.2 Issues

Economic Background

- 3.2.1 An analysis of the economic position as at November 2011 is attached at **Appendix B**. This has been provided by Sector, the Council's treasury management advisers.
- 3.2.2 External economic events and market conditions have continued to have an impact on the Council's debt financing budget in the current year. Monthly rates of return on the Council's investments have remained fairly stable at figures between 0.93% and 1.00%, averaging at around 0.96%, (as at 30 November 2011) against a budgeted figure of 0.70%.
- 3.2.3 Forecasts of investment returns remain depressed for 2011-12 and 2012-13, with a small increase for 2013-14, as set out below. This continues to have a significant negative impact on the Council's income from investments and its revenue resources.

Financial Year	Budgeted rate of return on investments %
2012-13	0.70%
2013-14	0.70%
2014-15	0.70%

- 3.2.4 The economic situation continues to be fluid and relatively unstable, and it is essential to have a counterparty selection policy that can respond quickly to

changes. A balanced view must be taken, but management of risk takes a higher priority over returns, so that the Council's balances are protected.

3.2.5 Policies for the management of credit and counterparty risk are set out at Section 1 of TMP 1 and the Schedule to TMP1, attached at **Appendix D** and **Appendix E**. The Council's proposed approach for 2012-13 is set out at Section 18 of the Treasury Management Strategy attached at **Appendix F**.

Treasury Management Policy Statement

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

Treasury Management Practices (TMPs)

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

3.2.8 The TMPs are split as follows:

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

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

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

Treasury Management Strategy 2012-13

3.2.11 The Council's Treasury Management Strategy for 2012-13 is set out at **Appendix F**. The strategy incorporates:

- (i) The Capital Financing and Borrowing Strategy for 2012-13 including:
 - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
 - The Affordable Borrowing Limit for 2012-13 as required by the Local Government Act 2003.
- (ii) The Investment Strategy for 2012-13 as required by the CLG revised Guidance on Local Government Investments issued in 2010.

Debt Financing Budget 2012-13 to 2014-15

- 3.2.12 The debt-financing budget has been prepared in accordance with the requirements of the relevant legislation and guidance and with full regard to the Council's proposed capital programme, treasury management strategy and prudential indicators and is included in the Council Wide General Fund Revenue Budget 2012-13 to 2014-15 report to Cabinet.
- 3.2.13 The debt-financing budget has been prepared in line with the Council's policy on reserves and balances, which is that a prudent level of General Fund balances, along with appropriate application of reserves, should be part of the overall budget. An annual risk assessment is undertaken to ascertain the minimum level of General Fund balances the authority should hold. This suggests that £3.0m should be the minimum for 2012-13. This policy is included in the Council Wide General Fund Revenue Budget 2012-13 to 2014-15 report to Cabinet.
- 3.2.14 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby the impact of charges to revenue from higher interest charges caused by extra borrowing to finance additional capital expenditure, and any growth in running costs from new capital projects, are limited to a level which is affordable within the projected income of the Council for the foreseeable future.
- 3.2.15 The CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes requires this report to include a reference to compliance under the Local Government Act 1992 to produce a balanced budget. Such compliance is demonstrated within the Council Wide General Fund Revenue Budget 2012-13 to 2014-15 report to Cabinet.

HRA Self Financing Reforms

- 3.2.1 The Localism Act incorporates statutory changes to housing finance, with a move from the present housing subsidy system to the self-financing of the HRA. As part of the changes the Council are required to make a settlement payment of £194.2m (on current figures) to the Department of Communities and Local Government (CLG) on 28 March 2012 to buy out of the housing subsidy system. The payment will be funded by borrowing from the PWLB at a reduced rate on 26 March 2012.
- 3.2.2 The reforms have a significant impact on the Council's treasury management position and indicators, primarily in terms of the debt portfolio, which will rise by around £194m before the end of the 2011-12 financial year. Changes to the 2011-12 treasury strategy to deal with the operational impacts of the settlement have already been agreed by Council. Some of these are ongoing - for example the raising of borrowing limits - and where this is the case they are reflected in the proposed treasury strategy for 2012-13.

3.2.3 The treasury management impacts will be kept under review in the light of government and other announcements on the regulatory and accounting changes that are required as a result of the reform.

Abbreviations

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

3.3 Choices (Options)

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

4. Implications (including financial implications)

4.1 Policy

4.1.1 The Treasury Management Strategy report sets the Council's policy on its debt and investment portfolios over the next financial year. It is revisited annually and reported to Cabinet and Council as part of the budget setting process.

4.2 Resources and Risk

4.2.1 The resources required to deliver the Council's treasury management strategy and policies over the next three years are incorporated into the Council's debt financing and debt management budgets, which are included in the Council Wide General Fund Revenue Budget 2012-13 to 2014-15 report to Cabinet.

4.2.2 Effective risk management is a fundamental requirement for the treasury management function, and this theme runs clearly throughout the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The Council's Treasury Management Policy, Treasury Management Practices (TMPs) and Schedules, and Treasury Management Strategy for 2012-13 discuss the ways in which treasury management risk will be determined, managed and controlled.

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

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

4.3 Legal

4.3.1 The Council is obliged to carry out its treasury management activities in line with statutory requirements and associated regulations and professional guidance. The relevant legislative and regulatory documents are referred to within the report and Appendices and listed in the background papers.

4.4 Equality

4.4.1 An Equalities Impact Assessment (EIA) has been carried out on the Council's Treasury Management Strategy for 2012-13, and the associated Treasury Management Practices (TMPs) and Schedules to the TMPs.

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

4.5 Consultees (Internal and External)

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

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

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The proposals support the Council's priority of providing quality services.

4.7 Other Implications

4.7.1 No other implications have been identified.

5. Background Papers

Current Statute, Regulation and Guidance

Local Government Act 2003

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

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

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

CIPFA Prudential Code for Capital Finance in Local Authorities - 2011 Edition

CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes - 2011 Edition

CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities – 2011 Edition

CLG Guidance on Minimum Revenue Provision (11 March 2010)

CLG Guidance on Local Authority Investments (11 March 2010)

Reports to Cabinet & Council

Treasury Strategy 2010-11 to 2012-13 - Report to Council 25 February 2010 (Contains formal adoption of the revised CIPFA Code of Practice for Treasury Management)

Capital Programme 2012-13 to 2014-15 - Report to Cabinet 22 February 2012

Council Wide General Fund Revenue Budget 2012-13 to 2014-15 - Report to Cabinet 22 February 2012.

Prudential Indicators for Capital Finance 2012-13 to 2014-15 - Report to Cabinet 22 February 2012

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Northampton Borough Council

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

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

1. Northampton Borough Council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
 - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

2. Northampton Borough Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. Northampton Borough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
4. Northampton Borough Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

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Economic Background

Provided by Sector Treasury Services - November 2011

Global economy

The outlook for the global economy remains clouded with uncertainty with the UK economy struggling to generate sustained recovery that offers any optimism for the outlooks for 2011 and 2012, or possibly even into 2013. Consumer and business confidence levels are low and with little to boost sentiment, it is not easy to see potential for a significant increase in the growth rate in the short term.

At the centre of much of the uncertainty is the ongoing **Eurozone sovereign debt crisis** which has intensified, rather than dissipated throughout 2011. The main problem has been **Greece**, where, even with an Eurozone/IMF/ECB bailout package and the imposition of austerity measures aimed at deficit reduction, the lack of progress and the ongoing deficiency in addressing the underlying lack of competitiveness of the Greek economy, has seen an escalation of their problems. These look certain to result in a default of some kind but it currently remains unresolved if this will be either “orderly” or “disorderly”, and/or also include exit from the €uro bloc.

As if that were not enough there is growing concern about the situation in **Italy** and the risk that contagion has not been contained. Italy is the third biggest debtor country in the world but its prospects are limited given the poor rate of economic growth over the last decade and the lack of political will to address the need for fundamental reforms in the economy. The Eurozone now has a well established track record of always doing too little too late to deal with this crisis; this augurs poorly for future prospects, especially given the rising level of electoral opposition in northern EU countries to bailing out profligate southern countries.

The US economy offers little to lift spirits. With the next Presidential elections due in November 2012, the current administration has been hamstrung by political gridlock with the two houses split between the main parties. In quarter 3 the Federal Reserve started “Operation Twist” in an effort to re-ignite the economy in which growth is stalling. High levels of consumer indebtedness, unemployment and a moribund housing market are weighing heavily on consumer confidence and so on the ability to generate sustained economic growth.

Hopes for broad based recovery have, therefore, focussed on the **emerging markets** but these areas have been struggling with inflationary pressures in their previously fast growth economies. China, though, has maintained its growth pattern, despite tightening monetary policy to suppress inflationary pressures, but some forward looking indicators are causing concern that there may not be a soft landing ahead, which would then be a further dampener on world economic growth.

UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order over the next four years, have yet to fully impact on the economy. However, coming at a time when economic growth has virtually flatlined and concerns at the risk of a technical recession (two quarters of negative growth) in 2012, it looks likely that the private sector will not make up for the negative impact of these austerity measures given the lack of an export led recovery due to the downturn in our major trading partner – the EU. The housing market, a gauge of consumer confidence, remains weak and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. GDP growth has, basically, flatlined since the election of 2010 and, worryingly, the economic forcecasts for 2011 and 2012 have been revised lower on a near quarterly basis as the UK recovery has, effectively, stalled. With fears of a potential return to recession the Bank of England embarked on a second round of Quantitative Easing to stimulate economic activity.

Unemployment. With the impact of the Government's austerity strategy impacting the trend for 2011 of steadily increasing unemployment, there are limited prospects for any improvement in 2012 given the deterioration of growth prospects.

Inflation and Bank Rate. For the last two years, the MPC's contention has been that high inflation was the outcome of temporary external factors and other one offs (e.g. changes in VAT); that view remains in place with CPI inflation standing at 5.2% at the start of quarter 4 2011. They remain of the view that the rate will fall back to, or below, the 2% target level within the two year horizon.

AAA rating. The ratings agencies have recently reaffirmed the UK's AAA sovereign rating and have expressed satisfaction with Government policy at deficit reduction. They have, though, warned that this could be reviewed if the policy were to change, or was seen to be failing to achieve its desired outcome. This credit position has ensured that the UK government is able to fund itself at historically low levels and with the safe haven status from Eurozone debt also drawing in external investment the pressure on rates has been down, and looks set to remain so for some time.

Sector's forward view

Economic forecasting remains troublesome with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains weak and whilst there is still a broad range of views as to potential performance, they have all been downgraded throughout 2011. Key areas of uncertainty include:

- a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;
- the impact of the Eurozone crisis on financial markets and the banking sector;
- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to exporting manufactured goods;
- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that increasingly seem likely to be undershot;
- a continuation of high levels of inflation ;
- the economic performance of the UK's trading partners, in particular the EU and US, with some analysts suggesting that recession could return to both;
- stimulus packages failing to stimulate growth;
- elections due in the US, Germany and France in 2012 or 2013;
- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.

The overall balance of risks remains weighted to the downside. Lack of economic growth, both domestically and overseas, will impact on confidence putting upward pressure on unemployment. It will also further knock levels of demand which will bring the threat of recession back into focus.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before mid-2013 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

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**Northampton Borough Council
Treasury Management Policy Statement**

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

“The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. Northampton Borough Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. Northampton Borough Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
4. The Council’s high level policies for borrowing and investment are:
 - For borrowing, to ensure affordability and to secure value for money when making capital investment and borrowing decisions.
 - For investments, to prioritise the security and liquidity of capital sums, at the same time optimising yields within a sound risk management framework.

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**Treasury Management
Practices**

Part 1: Main Principles

February 2012

TREASURY MANAGEMENT PRACTICES

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

- TMP 1 Risk management
- TMP 2 Performance measurement
- TMP 3 Decision-making and analysis
- TMP 4 Approved instruments, methods and techniques
- TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP 6 Reporting requirements and management information arrangements
- TMP 7 Budgeting, accounting and audit arrangements
- TMP 8 Cash and cash flow management
- TMP 9 Money laundering
- TMP 10 Training and qualifications
- TMP 11 Use of external service providers
- TMP 12 Corporate governance

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

TMP 1 TREASURY RISK MANAGEMENT

General Statement

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP 6 *Reporting requirements and management information arrangements*.

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

1) Credit and counterparty risk management

This Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP 4 *Approved instruments methods and techniques* and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financial agreements.

2) Liquidity risk management

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

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

3) Interest rate risk management

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

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

Appendix D

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

4) Exchange rate risk management

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

5) Refinancing risk management

This Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

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

6) Legal and regulatory risk management

This Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP 1 [1] *credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

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

7) Fraud, error and corruption, and contingency management

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

8) Market risk management

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

TMP 2 PERFORMANCE MEASUREMENT

This Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

TMP 3 DECISION-MAKING AND ANALYSIS

This Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

This Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP 1 *Risk management*.

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

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

This Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when this Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP 6 *Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management*.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

This Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The Council (i.e. full council) will receive:

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Council's treasury management policy statement and TMPs.

The committee/board/council will receive regular monitoring reports on treasury management activities and risks.

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

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

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

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

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

This Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP 8 CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this Council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP 1 [1] *liquidity risk management*. The present arrangements for preparing cash flow projections, and their form, are set out in the schedule to this document.

TMP 9 MONEY LAUNDERING

This Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the schedule to this document.

TMP 10 STAFF TRAINING AND QUALIFICATIONS

This Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

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

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

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

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

This Council recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer, and details of the current arrangements are set out in the schedule to this document.

TMP 12 CORPORATE GOVERNANCE

This Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

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**Treasury Management
Practices**

Part 2: Schedules

February 2012

TREASURY MANAGEMENT PRACTICES - SCHEDULES

This section contains the schedules that set out the details of how the Treasury Management Practices (TMPs) are put into effect by this Council.

Key Principles:

- TMP 1 Risk management
- TMP 2 Performance measurement
- TMP 3 Decision-making and analysis
- TMP 4 Approved instruments, methods and techniques
- TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP 6 Reporting requirements and management information arrangements
- TMP 7 Budgeting, accounting and audit arrangements
- TMP 8 Cash and cash flow management
- TMP 9 Money laundering
- TMP 10 Training and qualifications
- TMP 11 Use of external service providers
- TMP 12 Corporate governance

SCHEDULES TO THE TMPs - KEY PRINCIPLES

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

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

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

TMP 1 RISK MANAGEMENT

1) Credit and counterparty risk management

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

Specified Investments

The Council may enter into any type of investment instrument categorised as a specified investment (See TMP 4 Approved instruments, methods and techniques). Any type of specified investment that has not habitually been used by the Council – i.e. has not been used within the previous two year period, will only be entered into after consultation with the Council's external treasury management advisors, and with the express approval of the Chief Finance Officer.

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

Non-specified investments

The Council will set a limit each year for the level and type of non-specified investments that may be placed at any one time. This limit will be set in the Annual Investment Strategy and also, for investments over 364 days, in the Prudential Indicators.

The Council may undertake investments over 364 days, which are classified as unspecified investments. The maximum period of investment will be two years.

Capital Expenditure

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

Counterparties

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

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

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

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

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

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

The Chief Finance Officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type, sector and specific counterparty limits.

The counterparty list may be further restricted with the approval of the Chief Finance Officer to limit the exposure of the authority to risk in times of economic or market uncertainty.

Treasury management staff will add or delete counterparties to or from the approved counterparty list in line with the policy on criteria for selection of counterparties, and as appropriate when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers.

The maximum value for any single investment transaction will be £7m.

The maximum level of investment with any counterparty, or group of counterparties will be £15m.

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

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

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

The criteria in place to determine inclusion in the Council's current lending list will be reported as part of the Annual Investment Strategy. This will not limit the Chief Finance Officer's discretion to make temporary or other changes, so long as all investments are in

line with the Council's minimum levels of credit risk and the requirements set out above under specified or non-specified investments.

2) Liquidity risk management

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

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

Sufficient levels of cash deposits will be kept available in bank and building society deposit accounts, to meet short-term cashflow needs. This will include at least £5m available at 24 hours notice.

Bank balances will be maintained within the terms agreed with the Council's bankers, and by having regard to any constraints on the minimum sum that can effectively be invested.

The Council has an agreed overdraft facility of £200k with its bankers.

The Council may undertake temporary borrowing, in accordance with Part 1 of the Local Government Act 2003, if necessary to maintain a sufficient level of liquidity at a particular point in time.

Under the Local Government Act 2003 local authorities are able to borrow in year for the current year capital programme and for the following two years. The Council's policy on borrowing in advance of need is set out at Section 3 of the Council's Treasury Management Strategy. Any such borrowings will be invested within the rules of the Council's agreed investment and counterparty policies.

3) Interest rate risk management

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

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

4) Exchange rate risk management

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

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

5) Refinancing risk management

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

A schedule will be maintained of all long-term loans, including maturity profiles, in order to assist with the consideration of possible rescheduling opportunities that may arise as a result of changes to interest rates.

All rescheduling proposals will be fully costed in terms of costs/benefits to the organisation in the short, medium and long term, and in the context of the latest accounting guidance and regulations.

No refinancing of loans will be undertaken without the advice of the Council's external treasury management advisers and the express approval of the Chief Finance Officer.

6) Legal and regulatory risk management

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

The Council is mindful that all treasury management activities must be carried out within the current legal and regulatory framework.

This includes the following:

- Local Government Act 2003
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- CIPFA Prudential Code for Capital Finance in Local Authorities – Fully Revised Guidance Notes for Practitioners 2007
- The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008
- CIPFA Prudential Code for Capital Finance in Local Authorities - 2011 Edition
- CIPFA Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes - 2011 Edition
- CIPFA Treasury Management in the Public Services - Guidance Notes for Local Authorities including Police Authorities and Fire Authorities – 2011 Edition
- CLG Guidance on Minimum Revenue Provision (2010)
- CLG Guidance on Local Authority Investments (2010)

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

In terms of good practice, the Bank of England introduced a revised Non-Investment Products Code (NIPs Code), which was drawn up by a wide cross-section of market practitioners, in April 2009. The NIPs Code, which is market guidance, has no statutory

underpinning; and there are no arrangements for supervision or enforcement. CIPFA commends the NIPS Code to its members as good practice to which they should adhere.

Officers responsible for strategic and operational treasury management decisions are required to keep abreast of new legislation and regulations impacting on the treasury management function, and to apply any changes as necessary (See Schedule to TMP 10).

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

7) Fraud, error and corruption, and contingency management

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

Officers involved in treasury management are explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council. All treasury activities must be carried out in strict accordance with the agreed systems and procedures in order to prevent opportunities for fraud, error and corruption.

Scheme of delegation and separation of duties

- (i) The Director of Finance & Support, the Council's Chief Finance Officer (CFO) and Section 151 Officer, has been nominated as the Responsible Officer.

All executive decisions on borrowing, investment or financing have been delegated to the CFO.

- (ii) The Head of Finance has the authority, together with the CFO and other senior officers nominated by the CFO, including the Assistant Heads of Finance, and the Finance Managers, but excluding the Finance Manager (Treasury), on being satisfied that procedures have been complied with, to authorise the release of monies from the council's bank account, by whatever means appropriate, to repay monies borrowed or to invest temporary cash balances.

Neither the CFO, the Head of Finance, the Assistant Heads of Finance, nor the other Finance Managers, other than the Finance Manager (Treasury), are authorised to enter into transactions with brokers or directly or indirectly with counterparties for the investment or lending of any monies.

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

- (iii) The Finance Manager (Treasury) FMT has been nominated as the Operational Manager and is responsible for managing the overall treasury function and ensuring

that at all times there is compliance with the Council's Schedules to the Treasury Management Practices (TMPs).

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

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

Neither the FMT, nor any person nominated to cover their role, is authorised to effect the final approval of monies to be released, by whatever means, from the Council's bank account.

- (iv) The Assistant Accountant in the Capital & Treasury Team (AA) is responsible for maintaining the Council's cashflow and investment records, for preparing paperwork relating to investments and other treasury activity and for collecting information on the investment rates on offer in order for investment decisions to be made

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

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

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

Neither the AA, nor any person nominated to cover their role, is authorised to effect the final approval of monies to be released, by whatever means, from the Council's bank account.

- (v) Day to day treasury management responsibilities for carrying out administrative functions associated with the daily treasury activity, and back office checks on the treasury activities, are carried out by staff from within the Finance Section and/or Business Support Section authorised to cover this function by the CFO.

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

Internal Audit

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

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

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

Dealing procedures

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

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

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

Emergency and contingency planning arrangements

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

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

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

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

Insurance cover details

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

8) Market Risk Management

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

The Council does not currently hold any investments that are subject to fluctuations in market value, such as gilts and CDs. However, advice from the Council's treasury management advisers indicates that greater returns could be achieved by investment in products such as gilts and callable deposits (CDs) at a level of risk to the security of capital that is in line with the Council's risk appetite, so long as the investments are undertaken and managed within clear defined parameters.

The CFO will put in place procedures and limits for controlling exposure to any instruments of this type that it plans to use during 2012-13. These will ensure that the treasury management staff will:

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

TMP 2 PERFORMANCE MEASUREMENT

1) Evaluation of treasury management decisions***Performance reporting to management***

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

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

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

The terms of reference for the meeting are as follows:

1. To record and review treasury management performance data
2. To discuss and agree or recommend actions pertaining to:
 - a) Investment issues
 - b) Debt issues
 - c) Prudential Indicators
 - d) Debt financing budget
 - e) Treasury management strategic issues
 - f) Treasury management processes and procedures
 - g) Bank contract
 - h) Business continuity and contingency arrangements
3. To report upwards to the Head of Finance and the Chief Financial Officer, by means of:
 - a) Performance data
 - b) Documented decisions and action points

Corporate performance targets are set annually as part of the Finance Service Plan, and these are reported monthly to management through the Corporate Performance Reporting process, using the Councils Performance Plus reporting tool. These are reviewed and set annually, but will include, as a minimum, targets for the average rate of interest achieved on temporary investments, and parameters for the level of daily bank balances.

In addition to the minuted monthly meetings, quarterly treasury management strategy meetings are held with the Council's Chief Finance Officer to discuss key strategic treasury issues. These are attended by the Head of Finance, the Assistant Head of Finance and the Finance Manager (Treasury).

Performance reporting to Cabinet and Council

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

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

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

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

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

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

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

2) Testing value for money

Banking services are re-tendered at least once every five years to ensure that the level of service reflects changing practices and represents value for money. During the life of the contract the Council's bankers will be required to be pro-active in drawing attention to new or innovative banking products that will assist with workflow, or which will generate savings for the Council in its banking related costs.

It is the Council's policy to appoint professional treasury management consultants specialising in local authority business, and this contract will be re-tendered at least once every five years.

The Council sometimes uses money broking services in order to make deposits or to borrow. A minimum of two money brokers are used in order to compare the rates offered. For operational purposes three brokers will typically be used, given the number of investment transactions currently undertaken. The standard of service provided is monitored on an ongoing basis.

3) Benchmarking

The Council completes and submits the annual CIPFA Capital Expenditure and Treasury Management Statistics to enable comparisons of treasury management service costs with other local authorities.

In addition the Council has membership of the IPF Treasury Benchmarking Club, involving the completion of questionnaires and the attendance at meetings, usually twice a year. This membership is kept under review to ensure that it continues to be useful to the Council.

TMP 3 DECISION-MAKING AND ANALYSIS

Funding, borrowing, lending and new instruments/techniques***Records to be kept***

For each **counterparty** with which the council has treasury dealings, the following data will be maintained:

- Name and address and local contact if appropriate
- Bank details, name, address, sort code and account number
- Counterparty type and sector (for CIPFA and CLG returns)
- Borrowing and lending limits
- Maximum investment periods

For each **broker** with which the Council has dealings with the following data will be maintained:

- Name and address
- Local contact name
- Telephone and fax numbers
- Commission rates for borrowing

For each **transaction** the following data will be maintained:

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

If the transaction is a variable rate instrument details of interest rate revisions and the final repayment date will be maintained.

For each **long-term loan** raised the data will be maintained:

- NBC reference
- Counterparty details
- Principal amount

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

Processes to be pursued

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

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

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

Issues to be addressed

The Council's Financial Regulations delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management

The Council's Section 151 Officer is the Director of Finance and Support, who is also the Council's Chief Finance Officer (CFO).

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

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

- Above all be clear about the nature and extent of the risk to which the council may become exposed.
- Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.
- Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping.
- Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded.
- Be content that the terms of any transaction have been fully checked against the market, and have been found to be competitive.

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

- Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets
- Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

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

- Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
- Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

Further details on how decision making processes are managed at an operational level, and in the context of the prevention and management of fraud, error and corruption and contingency management, are contained in the Schedule to TMP 1 (Section 7 Fraud, error and corruption, and contingency management).

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

1) Approved activities of the treasury management operation

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

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

2) Approved instruments for investments

Under the Local Government Act 2003 the Council is required to have regard to the CLG revised Guidance on Local Government Investments (2010) and CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009) and Guidance Notes for Local Authorities (Fully revised third edition 2009).

In accordance with the CLG revised Guidance on Local Authority Investments issued under Section 15 (1) (a) of the Local Government Act 2003 the instruments approved for investment by local authorities are sub-divided into specified and non-specified investments.

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

Specified investments

An investment is a specified investment if it satisfies the conditions set out below:

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

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

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

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

- Gilts
- Treasury Bills
- Term deposits with local authorities and banks and building societies with a high credit quality
- Certificates of deposit with banks and building societies with a high credit quality
- Bonds issued by a financial institution that is guaranteed by the UK Government and multi-lateral development banks as defined in Statutory Instrument 2004 No. 534
- Triple A rated Money Market Funds (MMFs)
- Debt Management Office Deposit Facility
- Reverse Gilt Repos
- Forward deals with banks and building societies with a high credit quality (negotiated deal period plus period of deposit must be less than 364 days)
- Commercial paper
- Gilt funds and other bond funds

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

Non-specified investments

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

In addition, any investment product that takes on greater risk should be subject to greater scrutiny and justification, and will fall into the category of non-specified investments. Should the Chief Finance Officer determine that the authority would wish to make use of higher risk investment products this will be brought to Cabinet as a specific change to the Annual Investment Strategy in order that the decision to use such instruments receives proper consideration by those charged with governance.

3) Investments methods and techniques

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

The majority of the Council's investments fall into the category of specified investments, as they relate to short term cash flow surpluses that can be invested until required to meet expenditure commitments.

Any type of specified investment that has not habitually been used by the Council – i.e. has not been used within the previous two year period will only be entered into after consultation with the Council's external treasury advisers, and with the express approval of the Chief Finance Officer, and subsequently reported to Cabinet.

The Council will set a limit each year for the level and type of non-specified investments that may be placed at any one time. This limit will be set in the Annual Investment Strategy.

The Council may undertake investments over 364 days, which are classified as unspecified investments. The maximum period of investment will be two years.

Investments, with the exception of those to other local authorities and the UK Debt Management Office, will be placed only with those banks, building societies and authorised deposit takers under the Financial Services and Markets Act 2000 and allocated a satisfactory rating by the Council's external treasury advisors.

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

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

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

4) Approved instruments for borrowing

The statutory basis of the local authority's power to borrow is derived from the Local Government Act 2003. Essentially a local authority may borrow (or invest) for any purpose relevant to its functions, under any enactment or "for the purpose of the prudent management of its financial affairs".

Local authorities may only borrow in sterling, except with the consent of the treasury.

The main source of local authority borrowing is through Public Works Loans Board (PWLB) loans. Money market loans may be also used, including LOBOs (Lenders Option, Borrowers Option). Where significant levels of borrowing are required, in excess of £25m, local authorities may also raise funds through bonds or private placements.

Local authorities may also borrow from each other.

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

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

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

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

5) Borrowing methods and techniques

Long-term borrowing

All long-term borrowing requires the express approval of the Chief Finance Officer, who will also sign any associated internal or external approval or authorisation documentation. The Chief Finance Officer has the delegated authority to take the most appropriate form of borrowing from approved sources.

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

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

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

Short-term borrowing

The Council may take short-term deposits from other local authorities, arranged via a money broker, to facilitate the management of cash flow, and, under long established arrangements, from two local organisations.

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

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

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

1) Limits to responsibilities/discretion at executive levels***Council***

The Council is responsible for:

- Receiving and reviewing reports on treasury management policies, practices and activities, including the setting and monitoring of the prudential and treasury indicators.
- Approval of the annual Treasury Management Strategy

Cabinet

The Cabinet is responsible for the following:

- Approval of/amendments to the Council's adopted clauses, treasury management policy statement and treasury management practices
- Annual strategy/budget consideration and recommendation to Council
- Annual outturn report consideration and recommendation to Council
- Receiving and reviewing external audit reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment if the total contract value exceeds the OJEU threshold
- Annual setting of prudential and treasury indicators consideration and recommendation to Council
- Regular monitoring of prudential and treasury indicators consideration and recommendation to Council.

Audit Committee

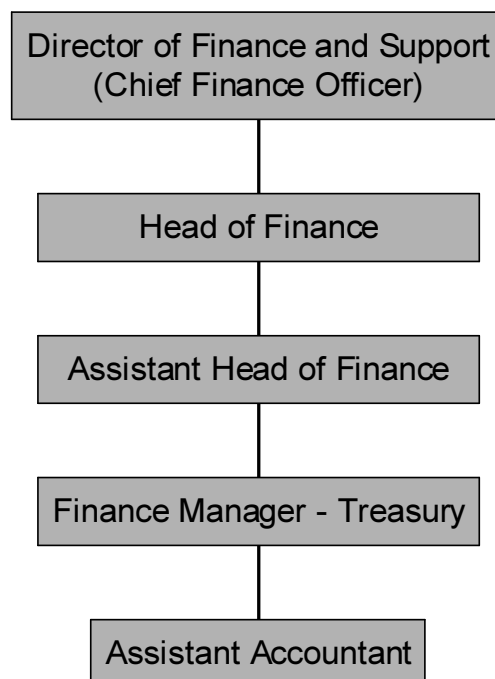
Audit Committee is the body responsible for scrutiny and will have responsibility for the review of all treasury management policies and procedures, the scrutiny of all treasury management reports to Cabinet and Council, and for making recommendations to Cabinet and Council.

2) Segregation of duties

Segregation of duties is achieved by the allocation of treasury duties to specific posts within the finance structure, and by the authority levels set up on the Council's online banking system, HSBCnet, which is used to make electronic CHAPS payments and transfers between the Council's bank accounts. See the Schedule to TMP 1 for a full description of the levels of delegated responsibility and separation of duties designed to restrict opportunities for fraud, error and corruption.

3) Organisation chart

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



4) Duties and responsibilities

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

Head of the Paid Service

The Head of Paid Service is the Chief Executive, responsible for the corporate and overall strategic management of the Council as a whole. He has responsibility for establishing a framework for management direction, style and standards, and for monitoring the overall performance of the organisation.

The Chief Executive heads up the Management Board, of which the CFO is a member. Management Board meets on a weekly basis. Treasury reports feed into the corporate domain via the Management Board.

Monitoring Officer

The Council's Monitoring Officer is the Borough Solicitor. The Monitoring Officer is responsible for promoting and maintaining high standards of conduct by both members and officers and therefore provides support to the Standards Committee. He is also responsible for the reporting of any actual or potential breaches of the law or maladministration to the full Council and/or Cabinet, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

The Monitoring Officer, in conjunction with the Chief Executive and Section 151 Officer, has responsibility for advising Cabinet or the full Council on whether a decision is likely to be contrary to or not wholly in accordance with the Council's budget and policy framework.

The responsibilities of this post will include-

- Ensuring compliance by the Chief Finance Officer with the treasury management policy statement and treasury management practices and that they comply with the law
- Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice
- Giving advice to the Chief Finance Officer when advice is sought.

Chief Finance Officer

The Director of Finance and Support is the Council's Chief Financial Officer and the officer designated for the purposes of section 151 of the Local Government Act 1972 as the Responsible Officer for treasury management at Northampton Borough Council.

This post, as defined in Article 14 of the Constitution, has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden. The statutory duties arise from:

- Local Government Act 1972 (Section 151)
- Local Government Finance Act 1988
- Local Government and Housing Act 1989
- Local Government Act 2003
- Accounts and Audit Regulations 2003 (as amended)

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

The Council's Financial Regulations delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

The detailed responsibilities are:

- Ensuring that the schedules to the Treasury Management Practices (TMPs) are fully reviewed and updated annually and to monitor compliance to the Treasury Management in the Public Services: Code of Practice and Guidance Notes.
- Ensuring that the annual Treasury Management Strategy Report, the Mid Year Treasury Management report and the annual Treasury Outturn Report are submitted to Council via Cabinet (See Schedule to TMP 6),
- Reviewing the performance of the treasury management function and promoting value for money.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit, and liaising with external audit.

- Recommending or approving the appointment of external service providers (e.g. treasury advisors) in line with the approval limits set out in the Council's procurement rules.

The CFO has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments. These powers have been delegated to officers as set out below.

The CFO and the Council's Monitoring Officer will ensure that the policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible in accordance with their statutory duties.

Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Chief Finance Officer to be satisfied, by reference to the Monitoring Officer, the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

Head of Finance/Assistant Head of Finance

These posts have line management responsibility through the structure of the department. As such they may carry out delegated tasks as instructed by the CFO. This may include delegated Section 151 responsibilities in her absence. They also have managerial responsibility for the tasks carried out by the operational manager and the other operational treasury management staff.

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

Operational Manager

The Finance Manager (Treasury) (FMT) will operate as the Operational Manager and shall be responsible for:

- Implementing and ensuring compliance with the policies and procedures as set out in the TMPs and schedules, and the Council's Treasury Management Strategy.
- Reviewing treasury management policies and practices and submitting proposals for changes, as appropriate, to the CFO.
- Drafting, for the consideration of the CFO, all treasury management and prudential indicator reports to Cabinet and Council.
- Preparing an annual debt-financing budget for consideration, taking all relevant factors into account, and ensuring that the debt-financing budget is monitored as part of the Council's budget monitoring process, reporting all significant deviances to the CFO.
- Providing such reporting information, as determined by CFO, to enable her to fulfil her obligations as the Responsible Officer.
- Managing, on behalf of the CFO, the overall treasury management function ensuring that there is, at all times, an appropriate division of duties within the treasury team.
- Supervising treasury management staff.

- Ensuring that the treasury management team, and other staff undertaking treasury functions, receive such training as is required for them to undertake their respective functions.
- Holding monthly treasury management meetings including a review of performance data.
- Holding quarterly treasury management strategy meetings with the CFO
- Ensuring that sufficient information is available at all times to satisfy internal and external audit requirements, and liaison with internal and external auditors.
- Maintaining relationships with counterparties and external service providers.
- The arrangement of all transactions.

Assistant Accountant (AA)

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

- The arrangement of transactions in the absence of the FMT
- The execution of all transactions.
- Adherence to agreed policies and practices on a day to day basis.
- Maintaining relationships with counterparties and external service providers.
- Ensuring that all loans received and investments repaid have been received into the Council's bank account.
- Entering and arranging approvals for all CHAPS payments via HSBCnet.
- Raising the payment documentation for all loan repayments, interest instalments and investments and ensuring that all loans are repaid on the due date and that interest payments are made on the appropriate date.
- Monitoring performance on a day to day basis
- Submitting management information reports to the Operational Manager and others.
- Keeping the Operational Manager informed of all matters relating to his or her responsibilities.
- Identifying opportunities for improved practices.
- Preparation of the necessary documentation (letters, loan receipts etc) and subsequent despatch to the borrower/lender as appropriate.
- Checking that confirmation documentation provided by brokers, lenders and borrowers corresponds to the initial documentation prepared as above.
- Entering the necessary information, from the documentation, on to the relevant electronic and hard copy records, ensuring that at all times, the databases are accurate and up-to-date.
- Preparing weekly and monthly reconciliations and performance data.

Internal Audit

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

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

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

5) Cover arrangements and business continuity

An adequate number of nominated officers at an appropriate level are trained and set up to provide cover arrangements.

The Assistant Accountant maintains a schedule of lead and cover responsibilities for dealing, manual and system authorisation, back office checks, and system support. The schedule includes colour coding to demonstrate the segregation of duties to be practiced; this is backed up by system controls. The schedule is reviewed and updated or confirmed each month at the monthly treasury management meeting.

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

6) Dealing limits

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

7) Approved brokers

The Council currently uses the following money brokers:

- ICAP Europe Ltd

- Tullett Prebon (Europe) Ltd
- Tradition (UK) Ltd

It is considered good practice to use a minimum of two brokers; three is the number that it is considered by the Council to be operationally suitable given the number of investment transactions typically undertaken. The standard of service provided is monitored on an ongoing basis.

There is no direct charge to the Council for using money brokers; their fees are met through commission received from the counterparty to the investment.

8) Policy on the taping of conversations

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

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

9) Direct dealing practices

Direct dealing arrangements can be used as an additional tool to achieve further spreading of counterparty risk, to aid flexibility and to improve on interest rates offered.

Direct dealing arrangements are only set up with authorised counterparties. Prior to new arrangements being set up the counterparty is supplied with a list of officers authorised to deal on behalf of the Council and a copy of the Council's standard bank settlement instructions.

10) Settlement transmission procedures

Settlement transmission procedures are set out in the treasury management procedure notes.

11) Documentation requirements

Documentation requirements are set out in the Schedule to TMP 3, above, and the treasury management procedure notes.

12) Management of third party funds

Section 106 Developer Funds

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

Temporary borrowing arrangements

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

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

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

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

1) Council and Cabinet Reports

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

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

Council will receive, via Cabinet, the following reports:

Annual Treasury Management Strategy Report

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

The latter will incorporate:

- (i) The Capital Financing and Borrowing Strategy for the coming year including:
 - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
 - The Affordable Borrowing Limit as required by the Local Government Act 2003.
- (ii) The Investments Strategy for the coming year as required by the CLG revised Guidance on Local Government Investments issued in 2010.

The Treasury Management Strategy will include the following elements:

Capital Financing and Borrowing Strategy

- Capital Financing
- Existing Borrowing
- New Borrowing
- Minimum Revenue Provision
- Borrowing Requirement
- Debt Rescheduling

- Long Term Interest Rates for Borrowing
- Sensitivity of Forecasts
- Borrowing Strategy
- Prudential Indicators
- Treasury Indicators
- Affordable Borrowing Limit
- Temporary Borrowing
- Overdraft Facilities

Investment Strategy

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

The annual report will also include:

- The proposed debt financing and debt management budget for the coming three years
- Demonstration of adherence to the Council's policy on reserves and balances
- Compliance with the requirement under the Local Government Finance Act 1992 to produce a balanced budget

Treasury Management Mid Year Report

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

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

- Monitoring of treasury management and prudential indicators

Treasury Management Outturn Report

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

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

Other reports to Cabinet and Council

In addition to the above Cabinet will receive:

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

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

Reports to Audit Committee

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

2) Reports to the Chief Finance Officer

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

- Details of all outstanding loans, including name of lender, amount, period and interest rates.
- Details of all outstanding investments including name of borrower, amount, period and interest rates.
- Variations on actual daily bank balances against targets.
- Average monthly rates achieved on temporary investments, with base rate and average 7-day LIBID and LIBOR rates as comparators.
- Details of any variations (if any) from agreed policies/practices.

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

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

1) Budgeting arrangements

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

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

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

The debt-financing budget will comprise:

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

The debt management budget will comprise:

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

b) Accounting practices and standards

All current accounting standards, regulations, practices and guidance pertaining to budgeting and accounting will be followed. This will include the CIPFA Code of Practice on Local Authority Accounting and the Service Reporting Code of Practice for Local Authorities (SeRCOP) as well as the treasury management specific documents referred to at the Schedule to TMP 1.

c) Information requirements of external auditors

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

Appendix E

The working papers provided will be of sufficient quality to include all relevant supporting information reasonably required by the external auditors, set out in a clear and logical manner and providing a clear audit trail.

Any other information or supporting documents reasonably requested by the Council's external auditors will be provided in a timely manner.

TMP 8 CASH AND CASH FLOW MANAGEMENT

1) Cashflow forecasts

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

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

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

- Details of all BACS runs
- Details of large cheques drawn
- Details of forthcoming Right-to-Buy, Shared Ownership and other property sales
- RSG and NDR receipts and/or payments (from annual schedule)
- Housing Benefits subsidy payments or receipts
- Details of local precepts and levies
- Details of loan interest and principal payable.
- Details of returns of previous investments

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

2) Overdraft arrangements

The Council has a £200k overdraft facility with its bankers, HSBC Bank, for which an annual fee of £3,000 applies. The overdraft rate applicable to use of the agreed facility is 3.17% above base rate.

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

3) Bank statement procedures

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

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

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

4) Payment scheduling and agreed terms of trade with creditors

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

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

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

5) Procedures for banking of funds

All income coming into the authority must be banked promptly. All payments received into the authority are banked via an E-Return. Individual departments that receive income hold paying in books that are specific for their individual area and submit separate banking returns for cash and cheque payments. E>Returns is a simple and effective tool for processing payments onto the Council's cash/cheque collection system, which feeds into Agresso, the Council's financial management system.

Northampton Borough Council closed its cash offices in March 2009. Customers wishing to make cash payments can still do so at the 80 Payzone and 20 Post Office locations throughout Northampton. The contract for third party payments will shortly be put out to tender, with a planned go live date of 1 April 2013.

TMP 9 MONEY LAUNDERING

1) Wider context

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering.

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

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

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

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

2) Procedures for establishing the identity or authenticity of lenders

The Council does not accept loans from individuals. All long-term loans are obtained from the PWLB, or from authorised institutions under the Financial Services and Market Act 2000. A register of these institutions is maintained by the Financial Services Authority (FSA) and can be accessed through their website at www.fsa.gov.uk.

The Council may also take short-term deposits from other local authorities, to facilitate the management of cash flow, and, under long established arrangements, from two local organisations.

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

3) Other NBC arrangements

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

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

TMP 10 STAFF TRAINING AND QUALIFICATIONS**1) Training and qualifications**

It is vital to the success of the treasury function that all members of the treasury management team, and all other individuals undertaking treasury roles, including those with responsibility for governance, are suitably qualified and receive sufficient training to enable them to carry out their functions efficiently, effectively and to a high standard. This has become increasingly evident in the context of the worldwide banking crisis and economic environment of the past three years, which has highlighted the growing complexity of treasury management in general, and its application to the public sector in particular.

Training can be achieved in a number of ways. Professional qualifications and specific internal and external training courses are evidently important. Work shadowing and on the job training are also valuable training tools and will be undertaken on an ongoing basis as required. Regular more formal in-house training will also be used. In addition general awareness training that comes from reading appropriate publications and electronic communications on a regular basis is essential to keep up to date with the external environment in order to contribute to the successful operation of the treasury management function.

The way in which the individual training needs of those involved in the treasury management function at the Council can be met are set out in the table below. Professional and AAT qualifications are in line with the requirements of the post. The level and nature of other training will be as appropriate to the role.

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

Meeting training needs for treasury management responsibilities

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

2) Training Records

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

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

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

3) Statement of Professional Practice (SOPP)

Where the Chief Financial Officer is a member of CIPFA, there is a professional requirement for the post holder to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

Similarly the Chief Financial Officer as a CCAB member and other staff as CCAB or AAT members are required to follow the professional standards and codes of conduct of their own professional bodies.

TMP 11 USE OF EXTERNAL SERVICE PROVIDERS

Details of existing contracts with service providers are set out in the paragraphs below.

1) Banking services

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

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

2) Money-broking services

The Council currently uses the following money brokers

- ICAP Europe Ltd
- Tullett Prebon (Europe) Ltd
- Tradition (UK) Ltd

It is considered good practice to use a minimum of two brokers; three is the number that it is considered by the Council to be operationally suitable given the number of investment transactions typically undertaken. The standard of service provided is monitored on an ongoing basis.

There is no direct charge to the Council for using money brokers; their fees are met through commission received from the counterparty to the investment.

3) Treasury Management Advisers services

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

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

TMP 12 CORPORATE GOVERNANCE

1) Arrangements for corporate governance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is responsible for putting into place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council produces an Annual Governance Statement in its annual Statement of Accounts, which explains the corporate governance arrangements that the Council has in place and how it ensures compliance with these arrangements.

The Council adopted and implemented the key recommendations of the CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2001 and the 2006 update. Subsequently, on 25 February 2010, the Council adopted the updated wording of the 2009 second fully revised edition of the Code of Practice. This, together with detailed arrangements contained in the Schedules to TMP 1 to 11, is considered vital to the achievement of proper corporate governance in treasury management, and the Chief Finance Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Documents subject to Cabinet or Council approval and available to the public on the Council's website include:

- Annual Treasury Management Strategy Report
- Mid year Treasury Management Report (from 2010-11)
- Treasury Outturn Report
- Prudential Indicators Setting Report
- Prudential Indicators Monitoring Reports
- Three Year Revenue Budget Setting Report
- Three Year Capital Programme Report
- Capital Strategy
- Annual Statement of Accounts.

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

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

The Council, aware of its equality duties, will follow local and national guidance (such as the Consultation Toolkit, Best Value Statutory Guidance, etc.) and will also have regard to best practice in relation to consultation.

3) External funds managed on behalf of others

Section 106 Developer Funds

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

Temporary borrowing arrangements

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

- Interest rates set in line with the average rate of interest achieved by the Council in the preceding period, less 0.5%
- Quarterly review of interest rates
- Withdrawal notice periods of 7 days
- Termination notice of 7 days

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

Northampton Borough Council Treasury Management Strategy 2012-13

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Introduction and Equalities Statement

Introduction

The Council is required to adopt the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (Fully revised second edition 2009) and it is a requirement under that Code of Practice to produce an annual strategy report on proposed treasury management activities for the year.

The Treasury Management Strategy Report incorporates:

- (i) The Capital Financing and Borrowing Strategy for the coming year including:
 - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
 - The Affordable Borrowing Limit as required by the Local Government Act 2003.
- (ii) The Investments Strategy for the coming year as required by the CLG revised Guidance on Local Government Investments issued in 2010.

The purpose of the Treasury Strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

Key Principles

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

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

The Treasury Strategy that follows, and the Council's Schedules to the Treasury Management Practices at report Appendix E are drafted in the context of these

principles, as well as the requirements of the four key clauses (report Appendix A), the treasury management policy statement (report Appendix C), and the Treasury Management Practices Main Principles (report Appendix D).

Equalities Statement

An Equalities Impact Assessment has been carried out on the Council's Treasury Strategy for 2012-13, and the associated Treasury Management Practices (TMPs) and the Schedules to the TMPs.

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

Capital Financing and Borrowing Strategy

1. Capital Financing

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

There are two scenarios where borrowing may be used to fund the Council's capital expenditure.

- (i) Supported borrowing – The government may award borrowing approvals in the form of Supported Capital Expenditure (Revenue) (SCE(R)) and provide associated revenue support to meet some of the costs of borrowing (i.e. repayment of principal and interest). This is targeted towards specific service blocks, including education and social services. The nature of district council services means that very little supported borrowing is awarded to this Council, with the exception, in some years, of a limited amount for housing services.
- (ii) Prudential borrowing – The Council has to fund the full costs of borrowing from its own revenue resources. This is sometimes referred to as unsupported borrowing. This method of funding is particularly suitable for 'spend to save' schemes, where the financing costs of borrowing can be funded from revenue savings. However lack of capital resources means that it may also be used for other essential capital schemes where no other resources can be identified.

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

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

2. Existing Borrowing

Existing borrowing to fund capital expenditure stands at £31.8m.

The following tables illustrate the debt type and maturity profile of existing borrowing as at 30 November 2011.

The figures exclude the borrowing of £194.2m (on current figures) that will be taken out on 26 March 2012 to make the housing finance settlement payment to the Department of Communities and Local Government (CLG) on 28 March 2012.

Analysis of Outstanding Long Term Debt as at 30 November 2011				
Type of Loan	Principal £'000	Proportion of Debt %	Range of Interest	
			From %	To %
Public Works Loan Board	6,000	19	3.47	3.97
Money Market LOBO Loans	24,600	77	4.85	7.03
Homes and Communities Agency	1,191	4	9.25	9.25
Total	31,791	100		

Long Term Debt Maturity Profile as at 30 November 2011			
Time Frame: Within -	Year	Principal £'000	Proportion of Debt %
0 - 10 years	2011/12 – 2020/21	21,913	69
10 - 20 years	2021/22 – 2030/31	758	2
20 - 30 years	2031/32 – 2040/41	119	1
30 - 40 years	2041/42 – 2050/51	0	0
Over 40 years	2051/52 onward	9,000	28
Total		31,790	100

3. New Borrowing

The Council has access to Public Works Loan Board (PWLB) loans for its long term borrowing needs. Loans, including LOBO loans, may also be available from major banks via the money market, depending on market conditions, and these may be considered when they offer better value for money than PWLB loans. Other forms of borrowing such as bonds or private placements may be considered if appropriate. However these are only viable for borrowing of amounts in excess of £25m.

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

The Localism Act incorporates statutory changes to housing finance, with a move from the present housing subsidy system to the self-financing of the HRA. As part of the changes the Council are required to make a settlement payment of £194.2m (on current figures) to the Department of Communities and Local Government (CLG) on 28 March 2012 to buy out of the housing subsidy system.

new borrowing needs are minimal. Amounts put aside for the repayment of debt (MRP) exceed the amount of new borrowing in each of the next three years. (See section 4 below).

Planned HRA capital expenditure for decent homes and other improvements totals £4m over the three-year period

Replacement of existing debt totalling £15.6m will be required during 2014-15.

It is anticipated that the borrowing requirement for the next three years will be met from internal rather than external borrowing – i.e. from cashflow surpluses.

4. Minimum Revenue Provision (MRP)

The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008, which came into force in February 2008, requires local authorities to make 'prudent provision' for the repayment of debt. This debt repayment is known as the Minimum Revenue Provision (MRP). The Housing Revenue Account is not subject to an MRP charge.

A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment of debt should be aligned to the useful life of the asset or assets for which the borrowing has been carried out.

Since 2007-08 the Council has used the transitional measures available to calculate MRP for all capital expenditure prior to 1 April 2008 as if the previous regulations were still in force.

The authority is required, under the 2008 regulations, to prepare an annual statement of their policy on making MRP for submission to Council. The Council's policy statement on MRP for 2012-13 is set out in the following paragraphs.

The Council has implemented the 2008 CLG Minimum Revenue Provision (MRP) guidance from 2008-09 onwards, and assessed their MRP from 2008-09 onwards in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

MRP relating to the historic debt liability incurred for years up to and including 2007-08 will continue to be charged at the rate of 4% on the reducing balance, in accordance with option 1 of the guidance, the "regulatory method".

The debt liability relating to capital expenditure incurred from 2008--09 onwards will be subject to MRP under option 3, the "asset life method", and will be charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and

Appendix F

is of a type that is subject to estimated life periods that are referred to in the guidance, the Council will generally adopt these periods. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

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

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

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

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

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

Applying the policy as set out above, MRP for the next three years is estimated at:

MRP Forecast	2012-13 £000	2013-14 £000	2014-15 £000
Repayment of debt principal (MRP)	1,145	1,132	1,054

Borrowing Requirement

The Council's long-term borrowing requirement for the next three years is estimated at:

Long Term Borrowing Requirement Forecast	2012-13 £000	2013-14 £000	2014-15 £000
(i) New borrowing to cover new capital expenditure	3,757	35	574
(ii) Replacement of loans maturing in year	0	0	15,600
(iii) Less: debt repayment (see Section 4)	(1,145)	(1,132)	(1,054)
Total new borrowing/(provision for debt repayment)	2,612	(1,097)	15,120

5. Debt Rescheduling

As is the current practice, the debt portfolio will be kept under review throughout 2012-13 and beyond, with debt rescheduling opportunities being investigated for potential cash savings and / or discounted cash flow savings or to enhance the balance of the portfolio.

Changes to accounting regulations and to the structure of PWLB rates in recent years, together with the current interest rate market mean that rescheduling opportunities are very much more limited than in the past, but decisions will be based on appropriate advice from the Council's external treasury management advisers. Any debt rescheduling will be reported to Cabinet at the meeting following its action

LOBO loans of £15.6m, 50% of the current debt portfolio, are due for repayment in 2014-15. The Council does not have the option to repay or reschedule these before the due date unless the lender opts to increase the interest rate. Repayment at maturity will be funded from internal borrowing, new loans, or a combination of both.

PWLB maturity loans of £2m are due in each of the following three years - 2015-16, 2016-17 and 2017-18. Advice from the external treasury management advisers is that current interest rate profiles do not offer suitable opportunities for the rescheduling of these debts.

Officers will continue to liaise with the treasury advisers to understand the latest best advice on debt rescheduling opportunities.

6. Long Term Interest Rates for Borrowing

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

The table below illustrates the forecast PWLB rates to December 2015. The forecasts are provided by Sector Treasury Services Ltd.

Long Term Borrowing Rates - PWLB Maturity Loan Interest Rates		10 Years %	25 Years %	50 Years %
2012-13	Forecast - June 2012	3.30	4.20	4.30
	Forecast - Sept 2012	3.40	4.30	4.40
	Forecast - Dec 2012	3.40	4.30	4.40
	Forecast - March 2013	3.50	4.40	4.50
2013-14	Forecast - June 2013	3.60	4.50	4.60
	Forecast - Sept 2013	3.70	4.60	4.70
	Forecast - Dec 2013	3.80	4.70	4.80
	Forecast - March 2014	4.00	4.80	4.90
2014-15	Forecast - June 2014	4.20	4.90	5.00
	Forecast - Sept 2014	4.40	5.00	5.10
	Forecast - Dec 2014	4.60	5.10	5.20
	Forecast - March 2015	4.80	5.20	5.30

7. Sensitivity of Forecasts

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

- If it were felt that there was a significant risk of a sharp rise in long and short term rates, perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be used whilst interest rates were still relatively cheap.
- If it were felt that there was a significant risk of a sharp fall in long and short term rates, due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

The borrowing and investment market remains very subdued and uncertain at the present time.

Borrowing for the HRA self-financing settlement will be from the PWLB at a special reduced rate that is only available on 26 March 2012. The constraint of being tied to one particular date removes the Council's discretion to take borrowing on a date when rates are low, and creates an interest rate risk related to the date of drawdown. However this risk is offset by the low rate on offer on that date. The PWLB reduced rate on offer will be at a margin of around 11 to 15 basis points over gilts, compared with their normal rate of around 100 basis points over gilts. This equates to an interest rate saving of between 0.85 and 0.89% per annum.

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

Around 77% of the Council's existing long-term debt (excluding the planned borrowing for HRA re-financing) is in the form of Money Market LOBO (Lenders Option, Borrowers Option) loans. Officers consider that the degree of risk on these loans in the current interest rate environment is low.

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

8. Borrowing Strategy

Internal borrowing is the management of cash flows, using funds from maturing investments within the financial year, to finance capital programme expenditure. As long term borrowing rates are currently higher than rates on investment income and

look likely to remain so in the short term, this is a viable strategy. The running down of investments also has benefits of reducing exposure to interest rate and credit risk.

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

All long-term external borrowing requires the express approval of the Chief Finance Officer, who should also sign any associated internal or external approval or authorisation documentation. The Chief Finance Officer has the delegated authority to take the most appropriate form of borrowing from approved sources.

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

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

However, over the three year planning horizon it is felt that the benefits of using internal borrowing outweigh the potential risks. Given the Council's capital financing requirement and low level of borrowing need and its high levels of cash balances, it is more prudent to use cashflow balances to fund internal borrowing in the current environment of low investment returns.

The Council currently has an excess of investments over borrowings. However, once the HRA reform self-financing debt is taken out on 26 March 2011, this situation will be reversed. Average values forecast for 2012-13 including the new HRA debt are £85.8m and £226.0m respectively, making a difference of £140.2m between gross debt and net debt after deducting cash balances.

The Prudential Code requires that where there is a significant difference between the net and the gross borrowing position, the risks and benefits associated with this strategy should be clearly stated in the annual strategy.

The Council actively manages the difference between the two debt levels in order to minimise the credit risk incurred by holding high levels of investments. The Council aims to reduce the difference between the gross and net debt through the use of internal, rather than external, borrowing.

Another factor that will be carefully considered is the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

9. Prudential Indicators

The proposed prudential indicators that relate to the Capital Financing and Borrowing Strategy are set out below. These are included in a separate report to Cabinet - Prudential Indicators for Capital Finance 2012-13 to 2014-15. Full explanations for each of the indicators can be found in Appendix B of that report.

Both indicators have been set to accommodate the additional debt required to finance the HRA self financing reform settlement payment to CLG.

Authorised limit for total external debt

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

Authorised Limit for External Debt			
	2012-13 Limit £000	2013-14 Limit £000	2014-15 Limit £000
Borrowing	261,000	261,000	261,000
+Other long-term liabilities	4,000	4,000	4,000
Total	265,000	265,000	265,000

Operational boundary for total external debt

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

Operational Boundary for External Debt			
	2012-13 Boundary £000	2013-14 Boundary £000	2014-15 Boundary £000
Borrowing	256,000	256,000	256,000
Other long-term liabilities	4,000	4,000	4,000
Total	260,000	260,000	260,000

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

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

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

10. Treasury Indicators

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

Maturity Structure of Borrowing

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

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

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

The proposed limits for the forthcoming year are:

Maturity Structure of Borrowing		
	Lower Limit %	Upper Limit %
Under 12 months	0	10
Between 1 and 2 years	0	50
Between 2 and 5 years	0	100
Between 5 and 10 years	0	100
Over 10 years	0	100

The limits have been adjusted to accommodate the additional debt required to finance the HRA self financing reform settlement payment to CLG.

LOBO loans of £15.6m, and PWLB loans of £4m, are due for repayment within the 2 to 5 year period running from 1 April 2012. It is anticipated that these will be replaced at maturity by internal borrowing. However Officers will continue to liaise with the treasury advisers to understand the latest best advice on debt repayment and or rescheduling opportunities for these loans

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

Upper limits on interest rate exposures

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

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

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

As a result of advice from the Council's treasury advisors, from 2011-12 these indicators have been set as percentages rather than absolute values. Separate indicators are set and monitored for debt and investments, as well as for the net borrowing position.

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

Upper limits on interest rate exposures - borrowing		
	Fixed Interest Rate Exposures £000	Variable Interest Rate Exposures £000
2012-13	100%	100%
2013-14	100%	100%
2014-15	100%	100%

Because the Council has an excess of investments over debt, the interest rate exposures for net borrowing are distorted when debt and investment are combined, sometimes resulting in negative percentages and percentages of over 100%. This combined indicator is included here for completeness, and as required by the Treasury Management Code of Practice. The percentages in the table below allow for both borrowing and investments to independently reach limits of 100% for both fixed and variable rates.

Upper limits on interest rate exposures – net borrowing		
	Fixed Interest Rate Exposures £000	Variable Interest Rate Exposures £000
2012-13	150%	150%
2013-14	150%	150%
2014-15	150%	150%

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

11. Affordable Borrowing Limit

The Local Government Act 2003 and supporting regulations require the Council to determine and keep under review how much it can afford to borrow. The amount determined is termed the “Affordable Borrowing Limit”. This is equivalent to the authorised limit at Section 9 above, and accommodates the additional debt required to finance the HRA self financing reform settlement payment to CLG.

Affordable Borrowing Limit		
2012-13 Limit £000	2013-14 Limit £000	2014-15 Limit £000
265,000	265,000	265,000

Cabinet are asked to recommend to Council that they approve the Affordable Borrowing Limits for 2012-13 to 2014-15.

12. Temporary Borrowing

The Council may occasionally undertake short-term temporary borrowing if this is needed to cover its cash flow position. The maximum amount of temporary borrowing that the Council will borrow from any one counterparty will be £5m.

In addition, under long standing arrangements, the Council manages deposits from two local organisations. Formal agreements were set up with these organisations in April 2009. These contain the following operational arrangements:

- Interest rates set in line with the average rate of interest achieved by the Council in the preceding period, less 0.5%
- Quarterly review of interest rates
- Withdrawal notice periods of 7 days

- Termination notice of 7 days

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

13. Overdraft Facilities

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

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

Investment Strategy**14. Current Investment Portfolio**

The investment portfolio as at 30 November 2011, including deposit and call accounts and money market funds, was as follows:

Counterparties at 30 November 2011	£m	%
Counterparties having sovereign ratings of AAA Overseas or UK)	22.00	30.57
UK Banks and building societies supported by the UK banking system support package	22.82	31.70
UK nationalised or part nationalised banking institutions	12.15	16.89
Other Local Authorities/Government Bodies	3.00	4.17
Money Market funds with ratings of AAA	12.00	16.67
Total	71.97	100

15. Specified/Non specified Investments

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

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

- (i) Specified investments – broadly, sterling investments, not exceeding 364 days and with a body or investment scheme of high credit quality.
- (ii) Non-specified investments – do not satisfy the conditions for specified investments. This may include investment products that would normally be considered as specified investments, but are judged to have a higher level of risk than normal attached to them.

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

16. Investment Strategy

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

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

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

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

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

Specified Investments

The majority of the Council's investments in 2012-13 will fall into the category of specified investments.

Further counterparty limits may be put in place to minimise risk to the authority (see Section 17 below)

Non-Specified Investments

Prior to the start of each financial year officers review which categories of non-specified investments they consider could be prudently used in the coming year. The officer recommendation for 2012-13 is that long-term investments (those for periods exceeding 364 days) could prudently be used where interest rates are favourable and

funds are not required for short-term cashflow management. This is subject to an evaluation of counterparty and other risk.

Advice will be taken from the Council's external treasury advisors before entering into any long-term investments.

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

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

The maximum amount that the Council will hold at any time during the year as long-term investments is £12.5m. This is just below 15% of the forecast average level of total investments in 2012-13, which is around £85.8m. This level of longer-term investment could be undertaken without having an adverse effect on the required liquidity of cashflow.

Capital Expenditure

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

17. Counterparties

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

The Council's approach to counterparties for 2012-13 is set out below:

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

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

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

The following table sets out the Council's counterparty policies for 2012-13.

Investments may be placed with counterparties recommended by the Council's external treasury advisors, and which meet the following criteria:	Additional limits
(1) Counterparties having a sovereign rating of AAA	NBC additional limits in force will be £15m and a maximum of 2 years (729 days)
<i>Or</i>	
(2) UK nationalised or part nationalised banking institutions	NBC additional limits in force will be £15m and a maximum of 2 years (729 days)
<i>Or</i>	
(3) UK banks or building societies supported by the UK banking system support package	NBC additional limits in force will be £15m and a maximum of 2 years (729 days)

A schedule is attached at Appendix H of counterparties that meet the criteria above as at 31 January 2012. This schedule is at a particular point in time and is subject to change according to changes in credit ratings and other economic and market data. Maximum investment periods will also vary for individual counterparties for the same reasons. The inclusion or exclusion of counterparties from this schedule is entirely a reflection of the Council's investment criteria, which may differ from those of other organisations.

It should be noted that the inclusion of counterparties in a counterparty list does not necessarily mean that they will be in the market for investment deals at any one point in time.

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

Investments may also be placed with other local authorities and with the Government Debt Management Office (DMO). The limits will be £15m, for periods of up to 2 years.

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

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

Any types of investments that fall within the category of specified investments as set out in the schedule to TMP 4 may be made, within the bounds of the counterparty policies. Any type of specified investment that has not been used by the Council within the previous two-year period will only be entered into after consultation with the Council's external treasury management advisors, and with the express approval of the Chief Finance Officer.

Deposits may be placed with the Council's own bankers, HSBC Bank. These will generally be for small amounts of up to £100k. However amounts of up to £15m may be placed for longer periods for operational purposes should the need arise.

As an exceptional arrangement to deal with the requirements of the housing finance reform settlement payment to CLG, the amount that may be invested overnight on 26 & 27 March 2012 with HSBC Bank, will be increased by the amount of the CLG payment due on 28 March 2012.

The Chief Financial Officer has discretion during the financial year to lift or increase the restrictions on the counterparty list and/or to adjust the associated lending limits on values and periods should it become necessary to enable the effective management of risk in relation to investments. At all times the Council's minimum level of credit risk, as set out at the Schedule to TMP 1, will be met.

The total value of investments over 364 days at any one time is restricted by the treasury indicator for the upper limit on investments for periods longer than 364 days (See Section 24 below). For 2012-13 this is £12.5m.

18. Liquidity of Investments

Most short-term investments are held for cashflow management purposes and officers will ensure that sufficient levels of short-term investments and cash are available for the discharge of the Council's liabilities.

Investment periods range from overnight to 364 days as specified investments or 2 years as a non-specified investment.

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

The range of duration for each new fixed term investment in 2011-12, as at 30 November 2011 was from 7 to 364 days. The average term was 123 days.

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

As referred to in Section 17 and Section 24, in 2012-13 a maximum total of 12.5m will be invested for periods exceeding 364 days and up to 2 years. This equates to below 15% of the Council's forecasts investment levels. Actual amounts deposited for over 364 days will be determined by whether longer term interest rates are favourable. All deposits will be in accordance with counterparty limits.

19. Bank Base Rates

The bank base rate has been held steady at its current all time low of 0.50% since March 2009, whilst the Bank of England has pursued an alternative course of quantitative easing.

The current interest rate view of Council's treasury management advisors is that bank base rate will remain at 0.50% until the second quarter of 2012. The rate is then forecast to commence a steady rise over the next 18 months, reaching 2.50% by March 2015. There is downside risk to these forecasts if the economic downturn is more prolonged than currently forecast.

The table below shows the Council's treasury advisors forecast bank base rates for 2012 to 2014:

Bank Base Rates 2011 to 2013		%
2012	Forecast - June 2012	0.50
	Forecast - Sept 2012	0.50
	Forecast - Dec 2012	0.50
	Forecast - March 2013	0.50
2013	Forecast - June 2013	0.50
	Forecast - Sept 2013	0.75
	Forecast - Dec 2013	1.00
	Forecast - March 2014	1.25
2014	Forecast - June 2014	1.50
	Forecast - Sept 2014	2.00
	Forecast - Dec 2014	2.25
	Forecast - March 2015	2.50

20. Short Term Interest Rates for Investments

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

The Council's treasury advisors have advised that the Council should budget for an investment return of 0.70% on investments placed during 2012-13.

This compares with a rate of return of 0.70% budgeted in 2011-12. Actual return as at 30 November 2011 was 0.96%.

At an average forecast balance of £85.8m, the variance in income per 0.1% increase or decrease in interest rates equates to £85.8k. As some of the cash being invested relates to HRA balances, a proportion of the impact is passed on to the HRA; the remaining balance accrues to the General Fund budget.

The impact of the interest rate forecast has been included in the 2012-13 debt-financing budget, included in the Council Wide General Fund Revenue Budget 2012-13 to 2014-15 report to Cabinet.

21. Sensitivity of Forecasts

The amount that can be earned on interest on investments is very sensitive to changes in the prevailing interest rates. This is particularly marked in the current economic climate. Officers have budgeted prudently, and the rates achievable on investments are currently so low that it is considered unlikely that they would drop further.

Officers, in conjunction with the Council's treasury advisors, will continually monitor both the prevailing interest rates and market forecasts, taking corrective action as required.

Any impact on the debt-financing budget of changes in forecast returns will be reported to Cabinet as part of the monthly revenue budget monitoring reporting.

22. Prudential Indicators

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

23. Treasury Indicators

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

Upper limits on interest rate exposures

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

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

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

As a result of advice from the Council's treasury advisors, from 2011-12 these indicators have been set as percentages rather than absolute values. Separate indicators will be set and monitored for debt and investments, as well as for the net borrowing position.

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

Upper limits on interest rate exposures - investments		
	Fixed Interest Rate Exposures £000	Variable Interest Rate Exposures £000
2012-13	100%	100%
2013-14	100%	100%
2014-15	100%	100%

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

Total principal sums invested for periods longer than 364 days

Under the Local Government Act 2003 and the CLG Guidance on Local Authority Investments 2004 (revised 2010), all Councils are permitted to invest for periods exceeding 1 year (or 364 days). The Council is required to set a limit to the level of such investments it might wish to make.

This limit can be expressed as a percentage or as an absolute amount (i.e. a monetary figure). The Council has chosen to work to a limit represented as an absolute amount as officers consider this to be the most transparent and method and the more straightforward to monitor.

The limit has been set at a level that would allow for monies not anticipated to be spent in year e.g. capital receipts, to be invested for longer periods if interest rates are favourable.

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

Upper limit on investments for periods longer than 364 days			
	2012-13 Upper Limit £000	2013-14 Upper Limit £000	2014-15 Upper Limit £000
Investments over 364 days	12,500	12,500	12,500

Risk analysis – This upper limit has been set at a prudent level (below 15% of forecast total external investments in each year) in order not to compromise cash flow liquidity.

24. Treasury Management Advisers

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

The contract specification is set out in italics below:

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

This to include:

Provision of General Information and Advice

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

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

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

Provision of Tailor-made Information and Advice

- *Debt management and investment advice tailored to the Council's financial position and requirements*
- *Financial appraisal and balance sheet analysis*
- *Analysis of the Council's debt and investment strategy, with advice on any changes that could be beneficial*
- *Technical advice for specific issues when required*
- *Templates for treasury documents*

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

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

Training, Workshops and Seminars

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

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

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

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

25. Investment Training

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

Counterparties meeting NBC investment criteria for 2012-13 as at 30 November 2011

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

Institution	Country	Maximum Amount (£m)
Santander UK plc	UK*	15
<i>Cater Allen</i>	<i>UK*</i>	<i>15</i>
Lloyds Banking Group	UK**	15
<i>Bank of Scotland plc</i>	<i>UK**</i>	<i>15</i>
<i>Lloyds TSB Bank plc</i>	<i>UK**</i>	<i>15</i>
Royal Bank of Scotland Group	UK**	15
<i>National Westminster Bank Plc</i>	<i>UK**</i>	<i>15</i>
<i>Royal Bank of Scotland</i>	<i>UK**</i>	<i>15</i>
<i>Ulster Bank Ltd</i>	<i>UK**</i>	<i>15</i>

* UK banks or building societies supported by the UK banking system support package

** UK nationalised or part nationalised banks

This schedule is at a particular point in time and is subject to change according to changes in credit ratings and other economic and market data. Maximum investment periods (currently from 3 months to 729 days) will also vary for individual counterparties for the same reasons.

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

Note - The following investment counterparties may also be used, but are not included in table of counterparties above

AAA rated Money Market Funds	-	15 (per fund)
Other Local Authorities	UK	15 (in total)
Debt Management Office	UK	15

Treasury Strategy 2012-13 to 2014-15**Abbreviations used in the Report and Annexes**

AA	Assistant Accountant
AAT	Association of Accounting Technicians
AIS	Annual Investment Strategy
BACS	Bankers' Automated Clearing Services
BVACOP	Best Value Accounting Code of Practice
CAA	Comprehensive Area Assessment
CCAB	Consultative Committee of Accountancy Bodies
CD	Certificate of Deposit
CFO	Chief Finance Officer
CHAPS	Clearing House Automated Payment System
CIPFA	Chartered Institute of Public Finance and Accountancy
CLG	Communities and Local Government
CPI	Consumer Prices Index
DMO	Debt Management Office
ECB	European Central Bank
EU	European Union
FMT	Finance Manager - Treasury
GDP	Gross Domestic Product
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPF	Institute of Public Finance
LIBID	London Interbank Bid Rate
LIBOR	London Interbank Offered Rate
LOBO	Lenders Option Borrowers Option
MMF	Money Market Fund
MPC	Monetary Policy Committee
MRP	Minimum Revenue Provision
NDR	Non Domestic Rate
NIPs	Non Investment Products
PWLB	Public Works Loan Board
QE	Quantitative Easing

RPI	Retail Prices Index
RSG	Revenue Support Grant
SeRCOP	Service Reporting Code of Practice for Local Authorities
SOPP	Statement of Professional Practice
SORP	Statement of Recommended Practice
TA	Trainee Accountant
TMPs	Treasury Management Practices

Appendices: 4



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Risk Management Update
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AGENDA STATUS: PUBLIC

Meeting Date:	9 th January 2012
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr Alan Bottwood
Ward(s)	Not Applicable

1. Purpose

1.1 To provide an update on progress in Risk Management across the authority.

2. Recommendations

- 2.1 To note the recent assessment of the Council's Risk Maturity.
- 2.2 To note the latest Strategic Risk Register and Strategic Scorecard.
- 2.3 To note the high risks from across the Council.

3. Issues and Choices

3.1 Report Background

3.1.1 Audit Committee requested an update on the developments within Risk Management.

3.2 Issues

3.2.1 Risk management is a fundamental aspect of the Council's business practices. Cabinet has an executive role in the management of risk across the Council, the Audit Committee provides independent assurance of the adequacy of the Council's risk management framework and the associated control environment.

3.2.2 In recent years the management of risk across the Council has improved significantly. This is evidenced in a recent audit, undertaken by the Council's Internal Auditors, PWC.

- 3.2.3 The report states, "We have assessed Risk Management and Business Continuity as low risk. Overall, Risk Management and Business Continuity is well controlled at the Authority". There were only two findings in the audit report, both classified as medium 'operating effectiveness'.
- 3.2.4 The Risk Management Strategy and The Risk and Business Continuity Management Handbook have undergone a review to ensure they comply with general good practice and reflect any developments across the authority.
- 3.2.5 The key developments within the Risk Management Strategy were presented to the Committee on 24th November 2011. Cabinet approved the changes to the Strategy on 14th December 2011.
- 3.2.6 In revising the Risk Management Strategy, an assessment of the Council's Risk Maturity was undertaken. This enables us to benchmark the Council's current risk management capability and helps us to understand where improvements can be made. The current assessment of the Council's risk maturity is Level 4 - Managed, please see Appendix A.
- 3.2.7 Management Board is expected to undertake a quarterly review of the Strategic Risk Register on 5th January. Management Board will review outstanding actions, discuss any new risks to be added to the register and ensure awareness of the high risks. The Strategic Risk Register and quarterly review process provide an early warning system to alert Management Board to potential opportunities and threats. A copy of the current Strategic Risk Register is attached, Appendix B.
- 3.2.8 At an earlier Management Board meeting, the Board requested that a consistent method of scoring Strategic Risks be developed. Subsequently, Management Board has approved the Strategic Scorecard attached in Appendix C. This approach helps to remove any bias from the scoring process and should result in a more consistent method of scoring.
- 3.2.9 A summary of the service-level risks from across the Council, that are currently scored as high, is provided in Appendix D.
- 3.2.10 The management of risks within projects across the authority is well embedded. The awareness of risk management among Project Managers has notably increased. The Corporate Risk Manager sits on the Council's Project Initiation Group, which provides an excellent opportunity to challenge and input at every stage of the project management cycle.
- 3.2.11 A Local Resilience Forum Risk Assessment Working Group has been created to support the delivery of Northamptonshire's Community Risk Register. The Council's Corporate Risk Manager is a member of this group, representing the Northamptonshire districts and boroughs. Partners from across Northamptonshire are currently updating the Community Risk Register, this includes Police, Fire, Environment Agency, NHS and NCC. Once completed the Community Risk Register will be available on the NCC web site.

3.3 Choices (Options)

3.3.1 None.

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no policy implications arising from this report.

4.2 Resources and Risk

4.2.1 There are no specific resource implications arising from this report.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 The Director of Finance and Support and the Head of Finance have been asked to comment on this report.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Deliver value for money services.

4.6.2 Sustain effective and prudent financial management.

4.6.3 Be an agile, transparent organisation with good governance.

4.7 Other Implications

4.7.1 None.

5. Background Papers

5.1 Appendix A – Risk Maturity Assessment.

5.2 Appendix B – Strategic Risk Register.

5.3 Appendix C – Strategic Scorecard.

5.4 Appendix D – Summary of Service-Level Risks.

Sue Morrell
Corporate Risk and Business Continuity Manager, ext 8420

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Appendix A

Risk Maturity Assessment

Undertaking a Risk Maturity Assessment enables the Council to benchmark its current risk management capability and identify how and where improvements can be made.

This assessment has been used to help inform the Risk Management Strategy Action Plan.

Maturity Matrix

Assessment Criteria	Level 1 Initial	Level 2 Repeatable	Level 3 Defined	Level 4 Managed	Level 5 Optimised
Policies, processes & strategies	Undocumented or vague.	Policies and processes defined.	Policies further developed, refined and disseminated.	Risk management routinely used to support decision making.	Focus is on continual improvement.
Reporting	No formal periodic reporting.	Basic management reports are issued consistently and in a timely manner.	Senior management reports in a consistent format. Audit reports. Prioritised actions.	Threshold limit violations reported. Risk measurement linked to early warning indicators.	Option analysis. Sensitivity analysis. Scenario modelling.
Roles and Responsibilities	Staff act in silos. No coordinated approach.	Risk owners, managers and actionees are identified and risk actions assigned.	Integrated teams across the authority.	Requisite knowledge, expertise and experience is in place.	Organisation, processes and individual performance measures are fully aligned.
Centralised Risk Function	No central point of contact for guidance or direction.	Roles and responsibilities of central risk function are established.	Relationship with Audit Committee, Management and Directorates is developed.	Embedding risk management, 'selling' the benefits and refining the process.	Driving improvements, integrating across directorates and aiding opportunity management.

<p>Review</p>	<p>No formal processes. Reactionary ad hoc responses. Compliance focussed.</p>	<p>Process gaps are identified, assessed and corrected.</p>	<p>Uniform processes are adopted across the organisation.</p>	<p>Risk management is fully integrated with line management.</p>	<p>Continual benchmarking. Best practices are identified and shared across the organisation.</p>
<p>Culture</p>	<p>No defined policy, profile, process or vocabulary. No defined risk appetite.</p>	<p>Risk appetite, profile and process defined.</p>	<p>EWIs established.</p>	<p>Risk appetite regularly reviewed and communicated. Process updated as a result of feedback.</p>	<p>Refined risk appetite. Strident initiatives to establish and maintain best practice.</p>
<p>Improvement</p>	<p>No risk management training. Lack of awareness of the majority of risk management techniques.</p>	<p>People are trained in the process. Awareness of the most commonly used techniques.</p>	<p>Different training levels are established. Consistent measures of probability and impact. Expanded risk coverage.</p>	<p>Sophisticated robust tools and models in use. Experienced personnel applying judgement to quantified results.</p>	<p>Knowledge and skills are updated constantly. Effective use of formal risk management techniques. Risk quantification is fully integrated into business decisions.</p>

Strategic Risk Register

ID	Risk Owner	Risk Lead	The Risk (there is a risk that)	Risk Cause (as a result of)	Risk Impact (which may result in)	Inherent Risk Scores (assume no controls)			Mitigation Actions and Controls	Actual Risk Scores (current position)			Residual Risk Scores (after mitigating actions and controls)			Action Owner	Action Due Date	Action Progress Update	Date Action Completed
						Impact (1-5)	Probability (1-5)	Score (I x P)		Impact (1-5)	Probability (1-5)	Score (I x P)	Impact (1-5)	Probability (1-5)	Score (I x P)				
SR1	David Kennedy	Isabell Procter	Failure to deliver a balanced and deliverable budget.	Council unable to deliver sufficient savings to balance budget.	Inability to set a legal budget. Savings options being implemented which are not thoroughly thought through or will have significant impact on services and people of	5	4	20	Apply reserves to balance the budget. Bring forward plans for following financial year with aim of implementation six months into financial year.	5	2	10	3	2	6	Isabell Procter	31/03/12	Actions closed for 2011/12. Reopened for 2012/13. Medium Term Financial Strategy agreed by Cabinet 30th Nov 2011. Draft budget for consultation to go to Cabinet 21st December.	
SR2	David Kennedy	Cara Boden	The organisation fails to deliver its responsibilities.	Service delivery failure. Effectiveness and capacity of Senior Management.	Financial implications. Sustainability of organisation. Reputational impact.	5	4	20	Strong programme management and governance.	5	3	15	5	2	10	Cara Boden	Complete	In place and continued roll out being implemented.	August 2010.
									Effective corporate performance monitoring.							Cara Boden	Ongoing	The Council's response to self assessment is being produced.	
									Appropriate constitutional governance.							Francis Fernandes	Complete		Completed 14 March 2011.
									Effective leadership capacity - recruitment and retention of appropriately skilled and capable Senior Management.							David Kennedy	Ongoing		
									Effective financial management.							Isabell Procter	Ongoing	Financial Monitoring undertaken monthly, reporting to Cabinet quarterly and also considered at Audit Committee. Finance advising on major projects.	
									Strong external communications plan.										
SR3	David Kennedy	Lesley Wearing	The plans for improving Northampton are not delivered.	Changes in Government strategies and legislation. Disengagement by partners. Impact of current economic climate. Loss/reduction of Government funding. Housing Strategy not delivered. Housing Asset Management and Delivery Strategy not delivered. Loss/reduction of Government funding for Community Safety, also partner organisations. Investment in town centre attracted elsewhere due to policy departures. Uncertainty surrounding the implications of the Localism Bill and Welfare Reform Act.	Damage to Council's reputation. Resources diverted elsewhere. Loss of skills and expertise. Decent homes standard not met. People living in inadequate and unsuitable accommodation. Housing stock becomes more expensive to maintain. Crime and offending increases. Regeneration sites remain undeveloped, the town's reputation as an investment location reduces. Increase in homelessness.	4	4	16	Performance management and monitoring in place.	4	3	12	4	2	8	Cara Boden	Ongoing	In place and being reviewed as part of annual corporate plan development.	
									Leadership team and capacity in place.							Catherine Wilson.	Ongoing		
									Strong implementation plan and programme in place to deliver Housing Strategies.							Christine Ansell.	Ongoing	HRA Business plan/model is being finalised and externally verified. Capital programme is underway with constant monitoring in place and future years contracts are being reviewed so that there are no delays in programme delivery.	
									Review of the Community Safety Strategy underway - aims to identify, develop and implement initiatives to reduce crime and disorder in the town.							Steve Eisey.	01/05/12	Strategy updated and Actions for Partnership plan 11-12 drafted and approved by NCSP board 20 July 2011. Next review May 2012	
									Sound planning policies in place, robust project management and strong partnership working to lever in available funds.							Sue Bridge	31/01/12	The Localism Bill has resulted in delay to the submission of the Joint Core Strategy and the CAAP pending revocation of the RGS. This is being managed, but there is increased risk due to uncertainty in the process.	
SR4	David Kennedy	Francis Fernandes	Failure of governance procedures and processes to facilitate the direct desired outcomes.	Lack of clear documented governance procedures, understanding and application.	Financial implications. Legal action. Reputational impact.	5	4	20	Gap analysis of strategic governance procedures processes and understanding, together with a review of key governance documents, for example, the Constitution.	5	3	15	5	2	10	Francis Fernandes	01/05/12	Many actions progressed, including approval of the new constitution. Leaders Scheme of delegations broadly agreed by Management Board, detail to be drafted shortly. New Audit Plan to look at governance generally which will inform the gap analysis. 13th December update - Work in progress, awaiting Audit report before finalising gap analysis.	
SR5	David Kennedy	Cara Boden	The Council fails to exceed its goals and aims and make the best use of resources (assets, people, technology).	Non-delivery of key Strategic Business Reviews. Holding non-performing assets and assets that are not in line with our Asset and Capital Strategies. Not developing our use of technology and new ways of working.	Reduced efficiency and productivity. Failure to achieve and exceed desired aims and goals. Additional costs to the Council for holding assets that are not in line with the Council's Strategies. Damage to the Council's reputation. Failure to improve accessibility to services. Flexibility of working not delivered.	5	3	15	Strategic review on ownership and purpose of retaining assets. Cabinet Report due outlining the findings on retain or sell. Asset Management Strategy in place, linked to Capital Management Strategy. Corporate Asset Board in place.	5	2	10	5	1	5	Simon Dougall.	Ongoing	Review of assets has led to ongoing programme of disposal of non-operational and poorly performing assets, aligned to Capital Strategy. Revised Corporate Asset Management Strategy 2012-15 to be considered by Cabinet 14/12/11. Corporate Asset Board meets regularly and functions effectively.	
									The Council recognises people as our most valuable asset. Strategic Review undertaken on new ways of working to ensure maximum efficiency. People Strategy in place. Continue to develop staff in new ways of working. Linked to better use of technology and working in partnership with other agencies.							Catherine Wilson.	31/03/12		
									Projects supporting effective use of assets include - IP telephony, Hot Desking, Virtual Contact Centre, Redevelopment of the One Stop Shop, Chanel Shift, Work Flow Management.							Marion Goodman.	31/06/2012	The VoIP project is now complete. All hot desking implemented. Contact centre telephony and workforce management has been implemented and upgraded. OSS redevelopment is complete, with a purpose built self-serve area for promotion of channel shift. Wireless connectivity has now been completed. The Strategic Business Review of the ICT Service is on target.	

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Appendix C - Strategic Impact Guideline

The scorecard below provides a consistent approach to determining the level of impact, recognising that terms can mean different things to different people.

Category	Insignificant (Very Low)	Minor (Low)	Moderate (Medium)	Major (High)	Catastrophic (Very High)
Financial	Up to £250k	£250k - £500k	£500k - £1M	Over £1M up to £3M	£3M +
Corporate Governance	Minor breach of governance processes – technical breach only.	Breach resulting in some service failure but can be remedied.	Breach causing short term extensive service failure leading to reputational damage.	Prolonged service failure through ultra vires activities resulting in national reputational damage.	Major failure necessitating external intervention.
Reputation	Very minor local issue with minimal negative local comment.	Significant front page/editorial comment on minor issue.	Long-term adverse reports and comment on a significant matter.	Adverse national or local publicity on a serious issue or service failure.	High profile national negative publicity and comment on a serious issue.
Employee Relations	Localised Issue.	Issue in a number of service areas.	Difficult working relations/non cooperation	Industrial action	Mass staff leaving. Long-term grievance. Unable to attract staff
Organisational Objectives/Service Provision	Objectives achieved and quality maintained, some minor issues.	Objectives mostly achieved, minor disruption to service provision.	Service objectives not met, majority of targets not achieved. Significant reduction in service provision.	Objectives not met. Service suspended short term.	Objectives not met. Service suspended long-term. Front line service suspended short term.
Health & Safety	First Aider/Fire Marshall	Broken bones/Illness	Long Term illness	Loss of Life. Major epidemic. Major fines.	Large-scale loss of life. Major fines e.g. Corp. Manslaughter.

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Management Board High Level Risk Report

Corporate PRIORITY	Service area objectives	ID	Risk Category	Risk Owner	The Risk <i>(there is a risk that)</i>	Risk Cause <i>(as a result of)</i>	Risk Impact <i>(which may result in)</i>	Inherent Risk Scores <i>(assume no controls)</i>		Mitigation Actions and Controls		Actual Risk Scores <i>(current position)</i>		Residual Risk Scores <i>(after mitigating actions and controls)</i>		Action Owner	Action Due Date	Progress Update	Appendix D	Date Action Completed				
								Impact (1-5)	Probability (1-5)	Score (1-25)	Score (1-25)	Impact (1-5)	Probability (1-5)	Score (1-25)	Score (1-25)						Impact (1-5)	Probability (1-5)	Score (1-25)	Score (1-25)
								Impact (1-5)	Probability (1-5)	Score (1-25)	Score (1-25)	Impact (1-5)	Probability (1-5)	Score (1-25)	Score (1-25)									
Finance & Support Directorate																								
Finance																								
	HRA Reform (Debt)	FM21	Financial	Bev Dixon	Incurring additional costs, which could be substantial.	Impact of HRA Reform (Debt), which has implications and to deal with massive increase in debt levels.	Inability to afford the debt reserves, financial instability.	5	3	15	Workbooks prioritised to ensure that resources available to support priority areas	5	3	15	5	2	10	Bev Dixon	28 March 2012 - Payment payment due to CIG	Announcement on special PwLB rates for HRA uncertainty. However lack of available guidance, conflicting priorities and limited capacity remain significant risks.				
	Security of Investments	FM22	Financial	Bev Dixon	The use of cover arrangements which may lead to failure to follow strict procedures and to errors and omissions.	The resignation and departure of covering treasury management including cashflow and daily dealing	Loss of investment interest and negative impact on revenue priority tasks (eg Financial Instruments working papers for Statement of Accounts). Negative audit implications	4	4	16	Priority given to securing and arrangements, and to permanent recruitment. Additional checking and supervision by Finance Manager (Treasury) and others	4	4	16	4	2	8	Bev Dixon	Ongoing until recruitment to vacant post	Negative impact of using temporary cover to reduce the risk of a reduction in the reliability of TM operations across the board. Other workloads impact on FMs ability to supervise and check. Interviews for permanent cover are scheduled for 8 December				
	Secure Cash Collection	FM23	Financial	Matthew Lee	We do not have a cash collection supplier.	Due to HSC's restrictive supplier policies only two carriers are authorised to provide bulk deposits and withdrawals from HSC cash centres. This heavily restricts the tendering process.	Cash and cheques not being collected.	5	3	15	Working with Procurement and Legal to develop waiver agreements and collaborative negotiations to formalise a contract with the preferred supplier.	5	3	15	5	2	10	Matthew Lee	01 July 2012	Susan Hinds has completed a timetable of dates for this project, further stakeholder meetings will be scheduled in December/January work will commence on the PQO in December to be completed by 15th March 2011.				
	Deliver a Value for Money service - Overall Service Delivery	FM25	Staffing	Bill Lewis	Key staff leave and/or recruitment is not possible due to pay structures	Pay and Grading has reduced progression. Rules around market supplements are reactive rather than proactive.	Service delivery problems or overspends due to need to take on temporary staff cover	5	4	20	Review staffing structure, consider revising job descriptions to improve descriptors for external candidates. Review coverback to ensure better coverback fit	5	4	20	4	4	16	Bill Lewis	Ongoing	Exit interview results being monitored and where recruitment proves to be an issue, market supplement will be investigated.				

Human Resources

No high risks currently reported for this service area.																			
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Revenues & Benefits

Quality services	Effective and prudent financial management	19	Financial	Ian Tyrer	Potentially Reduced collection rates	Welfare Reform	Reduced income levels could lead to reduced collection of tax and other debts owed to the Council	5	5	25	As above work will be required to communicate reduced levels of income and impact on collection. We will continue to work on a single recovery of Council debts also key to ensuring in the long-term debts are recovered. Yearly collection does remain the key risk.	5	3	15	5	3	15	Ian Tyrer / Steve Archer	Ongoing	Above work and the commencement of a debt resolution meeting has started work to mitigate the issue / ensure customers are not put into arrears. We will continue to work on a single recovery of Council debts also key to ensuring in the long-term debts are recovered. Yearly collection does remain the key risk.
Support for people	Customer needs are understood / Excellent customer services	21	Customer services	Robin Bates	Poverty in the Community as customers are struggling to meet financial commitment of housing costs. This will occur as a result of reduced benefit levels and welfare reform.	Overexpending the DHP allocation. Exhausting the fund mid-year leaving vulnerable individuals and groups at risk of eviction.	Expense to NBC as expenditure above cap will impact the general fund. Increased homelessness in vulnerable and non-vulnerable groups.	4	5	20	Audit trail within Northgate for Accounting purpose. TL review quarterly to ensure that spending is authorised and valid. Welfare reform programme looking at pain sharing options. Welfare reform profiling spend based on vulnerability etc. Affordable housing schemes and temporary housing schemes will assist in assisting a number of those effected.	4	4	16	4	4	16	Steve Archer	Ongoing	We continue to monitor the spend of DHP's on a monthly basis RB 07/06/2011. Estimates of those welfare reforms that spend on this budget is likely to be under severe pressure. In the event of a welfare reform the benefit we pay to people in 2012/13 will likely be significantly higher, leading to spend above the Councils funded DHP. RB 06/12/2011

Management Board High Level Risk Report

Corporate PRIORITY	Service area objectives	ID	Risk Category	Risk Owner	The Risk (is a risk that)	Risk Cause (as a result of)	Risk Impact (which may result in)	Inherent Risk Scores (assume no controls)			Mitigation Actions and Controls			Actual Risk Scores (current position)			Residual Risk Scores (after mitigating actions and controls)			Action Owner	Action Due Date	Progress Update	Appendix D	Date Action Completed	
								Impact (1-5)	Probability (1-5)	Score (1 x 5)	Impact (1-5)	Probability (1-5)	Score (1 x 5)	Impact (1-5)	Probability (1-5)	Score (1 x 5)	Impact (1-5)	Probability (1-5)	Score (1 x 5)						
Planning & Regeneration Directorate																									
Planning																									
CPO3 A Confident, Ambitious and Successful Northampton		RM11	Risk	Site Bridge	Failure to achieve corporate objectives	Poor communication & lack of coordination between departments especially the creation of the Leisure Trust and PES and impact on negotiating (Sec 106 Agreements)	Loss of reputation	5	3	15	Continue to work closely and regularly with the client. Need to engage in discussion, assess requirements and ensure that arms length companies are engaged in the planning process	5	4	20	3	3	9	SB	30/09/11	Relevant people from Enterprise and LT need to meet with client to discuss appropriate level. This is not happening at the moment. Julie Seddon requested to send representative from client side to relevant meetings who will be authorised to deal with Section 106 matters.					
			Regeneration Development & Assets																						
No high risks currently reported for this service area.																									
Assistant Chief Executive Directorate																									
Performance & Change																									
No high risks currently reported for this service area.																									
Communications																									
No high risks currently reported for this service area.																									
Democratic Services																									
No high risks currently reported for this service area.																									
Community Engagement																									
No high risks currently reported for this service area.																									
Borough Solicitor Directorate																									
3. A confident, ambitious and successful Northampton.	Support regeneration schemes through the provision of legal advice and liaison	B7	Reputational	FF	The Council is unable to progress the redevelopment of key sites	Insufficient legal capacity to provide advice and action on large procurement, contract and land issues	Site not being delivered in a timely manner	4	4	16	Early work with clients to ensure the requirements for legal input are included in project plans and involvement in project groups	4	4	16	2	2	4	DM	As projects arise	As projects arise, 15/7/11 Resilience added to team with retaining of overflow capacity on an ad hoc arrangement.					
			Reputational Financial	FF	The costs of the project are increased as a result of outsourcing legal work	Projects not being delivered within budget	1) Work with clients to ensure the requirements for legal input are included in project plans and involvement in project groups 2) Borough Solicitor Legal Plan PIG Group to review scope of projects at approval stage to ensure legal requirements are included in scope.	4	4	16	4	4	16	2	2	4	DM	1) on-going 2) Feb 11	1) Despite liaison with clients legal element of schemes not allowed for resulting in high cost of procuring legal services 2) Borough Solicitor Legal Plan PIG Group to review legal requirements included in project scoping						

Management Board High Level Risk Report

Corporate PRIORITY	Service area objectives	ID	Risk Category	Risk Owner	The Risk (there is a risk that)	Risk Cause (as a result of)	Risk Impact (which may result in)	Inherent Risk Scores (assume no controls)		Mitigation Actions and Controls		Actual Risk Scores (current position)		Residual Risk Scores (after mitigating actions and controls)		Action Owner	Action Due Date	Progress Update	Appendix D		
								Impact (1-5)	Score (1-25)	Impact (1-5)	Score (1-25)	Impact (1-5)	Score (1-25)	Impact (1-5)	Score (1-25)						
Environment & Culture Directorate																					
Public Protection																					
No high risks currently reported for this service area.																					
Neighbourhood Environmental Services																					
No high risks currently reported for this service area.																					
Culture & Leisure																					
CO6 - A vibrant and welcome town	To deliver the Renaissance project (Museum Improvement CH1 and the Creative Space)	CH1	Financial	William Brown	Not meeting external spend deadlines - funding (user partially risk)	Undesired project management/contractual/contract issues	1) Contractual commitments not met - funding to cover their cost 2) Expectations of the funding body (MLA) are not met impacting their view on future applications of funding to MLAA/ACE	5	4	20	1) Early identification of project slippages so action can be taken (Clear PM reporting and systems); 2) Contingency/alternative spending plans drawn up to be activated; 3) Engagement with relevant MLA officers to seek approval for variation of funding from initial plans	5	3	15	5	2	10	1) Stuart Docker; 2) Will Brown & Stuart Docker; 3) Will Brown	1) Monthly; 2) End October; 3) Quarterly	(1) no significant slippage; 2) no at this stage; 3) engagement ongoing	
Town Centre Operations																					
A Confident, Ambitious and Northampton	Grosvenor Car Park/Parking Machines	CP02	Car Parks	Derrick Simpson	Unable to update tariff charges	Obsolete parking machines	Inability to produce parking tickets for customers	4	5	20	Replace obsolete ticket machines	4	5	20	1	1	Derrick Simpson	Ongoing	New parking meters installed.	Closed	

Appendices
1



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Environmental Services – Risk Register
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	9 th January 2012
Policy Document: No	No
Directorate:	Environment and Culture
Accountable Cabinet Member:	Cllr Caswell

1. Purpose

1.1 The purpose of this report is to provide Audit Committee with a copy of the Environmental Services risk register for it to review.

2. Recommendations

2.1 That audit committee review the environmental services risk register.

3. Issues and Choices

3.1 Report Background

3.1.1 The process of strategic business reviews was approved by Cabinet in December 2008 as the council's main vehicle for addressing major areas for improvement and delivering better value for money across all service areas.

3.1.2 As a result of a strategic business review of the council's waste management, street care and grounds maintenance services, a decision was taken in July 2009 to jointly procure a contract for the delivery of these services in partnership with Daventry District Council.

3.1.3 A robust procurement process took place, leading to the awarding of a joint contract, with our partner Daventry District Council, to Enterprise Managed Services Ltd (EMS).

- 3.1.4 The contract was signed in April 2011 and went live in June 2011.
- 3.1.5 After initial teething problems arising from the major change delivered by the contract, the contract has bedded in well.
- 3.1.6 Priority has been given to getting the contract right on the ground, although it has been fully recognised that sustainable success will only be achieved if effective contract management arrangements are in place.
- 3.1.7 Such arrangements include the development and maintenance of a robust risk register, which has been produced with the assistance of the corporate risk manager.

3.2 Issues

- 3.2.1 Issues are as indicated in the attached risk register (Appendix 1).
- 3.2.2 Audit committee is asked to note that this is the council's risk register for managing the risk associated with managing our environmental services contract. It is not EMS's risk register.

3.3 Choices (Options)

- 3.3.1 Audit committee can choose to comment on and make recommendations about the risk register.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 There are no direct policy or financial implications arising from this report.

4.2 Resources and Risk

- 4.2.1 There are no direct resource implications arising from this report.
- 4.2.2 There are no risks arising from this report.

4.3 Legal

- 4.3.1 There are no direct legal implications arising from this report.

4.4 Equality

- 4.4.1 There are no direct equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 The portfolio holder for environment has been consulted on this report.

4.6 Other Implications

4.6.1 None.

5. Background Papers

5.1 None

Report Author: Mick Tyrrell

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Guidelines

Title	Description
ID	this must be a unique id that stays with the risk even after archiving. Prefix with service initials e.g. CS for Customer Services, H for Housing.
Risk Category	i.e. financial, legal, HR etc.
Risk Owner	An individual (not group) responsible for the management and control of all aspects of the risk.
The Risk	Describe the risk itself.
Risk Cause	Describe what will cause the risk to happen.
Risk Impact	Describe what will happen if the risk occurs.
Inherent risk score	Assume no controls in place.
Mitigation actions and controls	Actions that can be taken to help reduce the risk.
Actual risk score	Current position.
Residual risk score	After mitigating actions and controls.
Action owner	The individual who is completing the action.
Action due date	Estimate when action will be completed.
Progress update and current estimated completion date.	Monthly update for the actions.

General Notes

Add new risks at the end of register and assign next numerical id. *This is important* as this is how we identify if new risks have been added.

Move closed risks to the archive tab. All archived risks must have a reason why they are no longer relevant.

Important note - any changes made to the register must be highlighted in blue.

Corporate Scoring Matrix

Impact	5 <i>Catastrophic</i>	5	10	15	20	25
	4 <i>Major</i>	4	8	12	16	20
	3 <i>Moderate</i>	3	6	9	12	15
	2 <i>Minor</i>	2	4	6	8	10
	1 <i>Insignificant</i>	1	2	3	4	5
		1 <i>Rare</i>	2 <i>Unlikely</i>	3 <i>Possible</i>	4 <i>Likely</i>	5 <i>Almost certain</i>
		Probability				

Categories

Customers/citizens
 Communication
 Corporate
 Environmental
 Financial
 Health and Safety
 Human Resources
 IT
 Legal
 Partnership
 Political
 Property and Assets
 Reputation
 Service Delivery/business interruption
 Suppliers/contractors

Probability Guideline

Rare <5%
 Unlikely 6 – 20%
 Possible 21 - 50%
 Likely 51 – 80%
 Almost Certain >81%

Risk Register

ID	Risk Category	Risk Owner	The Risk <i>(there is a risk that)</i>	Risk Cause <i>(as a result of)</i>	Risk Impact <i>(which may result in)</i>	Inherent Risk Scores <i>(assume no controls)</i>			Mitigation Actions and Controls			Actual Risk Scores <i>(current position)</i>			Residual Risk Scores <i>(after mitigating actions and controls)</i>			Action Owner	Action Due Date	Progress Update
						Impact (1-5)	Probability (1-5)	Score (I x P)	Impact (1-5)	Probability (1-5)	Score (I x P)	Impact (1-5)	Probability (1-5)	Score (I x P)	Impact (1-5)	Probability (1-5)	Score (I x P)			
1	Service	Chair of Partnership Board	Client is unable to meet their requirements under the Contract, leading to contractual dispute.	Lack of client team capacity/skills.	An impact on the ability to effectively track and manage SP performance, leading to a gradual decline in service standards, possible non payment of invoices. And if left unresolved could lead to contract failure.	4	1	4	Knowledge transfer needs to take place to ensure resilience. Create monitoring procedure notes. Put systems in place. Dispute resolution process included in contract.	4	1	4	4	1	4	Mick Tyrrell	Ongoing	There is a continual sharing of information and knowledge within the Partnership Unit. In time, this will result in a broad knowledge base being shared across all members of the client unit...		
2	Reputation	Chair of Partnership Board	Loss of confidence in contract manager	Failure to manage the relationships between both councils.	Contract team becomes ineffective	3	4	12	MT has regular meetings with members and officers of both authorities to keep them updated and discuss any issues they may have. Inter Authority Agreement is in place.	3	2	6	3	2	6	Mick Tyrrell		Mitigation in place		
3	Service	Contract Manager	Service growth outstrips Enterprises ability to deliver services.	Increased residential and open space developments, above what is expected.	Gaps will open up in the service, increase in customer complaints	4	1	4	Growth has been built into the contract. Contractor operates similar contracts nationally and has the ability to increase resources as required.	4	1	4	4	1	4	Mick Tyrrell		Mitigation in place		
4	Financial	Contract Manager	Client requirement shifts in response to legislative requirements.	The risk of change in legislation resting with the Councils.	SP may want to renegotiate elements of the contract and payments.	3	2	6	Monitoring developments from central government. If required a contract variation can be agreed and contract prices negotiated.	3	2	6	3	2	6	Mick Tyrrell	Ongoing	Client unit continues to monitor government initiatives and legislation.		
5	Contractual	Contract Manager	Unknown financial implications.	New and complex contract which can be subject to external influences.	Financial or service impacts.	4	3	12	Contract variation and dispute resolution processes included within the contract, as is the ability to negotiate prices. Issues can be escalated to the Partnership Board. Regular client/contractor meetings are held.	3	3	9	3	3	9	Mick Tyrrell		Mitigation in place.		
6	Financial/Service/Reputation	Contract Manager	Enterprises inability to deliver contract, endangering ability to deliver the service benefits.	Unwillingness to deliver services as per the contract.	Decline in service standards	4	4	16	Contract Manager and Partnership Board adequately performing their duties, monitoring the contract. Performance pay mechanism is in place and can be used to incentivise the contractor into improved performance.	4	2	8	4	2	8	Mick Tyrrell		Mitigation in place		
7	Reputation	Chair of Partnership Board	Political risks associated with two Councils working in partnership.	Each authority has different priorities.	Possibility that one authority wishes to dissolve the Partnership, making the contract unviable.	5	1	5	Inter authority Agreement in place. Dispute resolution process in place.	5	1	5	5	1	5	Julie Seddon/Simon Bovey		Mitigation in place		
8	Contractual/Financial/Reputation	Contract Manager	Contract fails	Enterprise go bust. Walk away from the contract as it is no longer viable.	Financial impact on the authorities.	5	2	10	Bond provided to enable services to revert to the councils. Staff would TUPE back to authorities maintaining operational knowledge.	4	2	8	4	2	8	Mick Tyrrell		Mitigation in place		
9	Service/Reputation	Contract Manager	Inability to deliver services	Extreme weather conditions, strike action, incident at the BP terminal stopping access to Westbridge depot.	Reputational impact on the authorities due to services not being delivered	4	2	8	It is a requirement of the contract that Business Continuity Plans are in place and can be evidenced by the client.	4	2	8	4	1	8	Mick Tyrrell	31/12/11	Draft Business Continuity Plans have been submitted. Enterprises Business Continuity Manager is due on site this week.		

Appendices

8

Item No.

10



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Risk Review of 2012/13 Budget
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AGENDA STATUS: PUBLIC

Meeting Date:	9 th January 2012
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 To present the risk assessment of the budget proposals to Audit Committee for consideration.

2. Recommendations

- 2.1 That the Audit Committee considers issues in relation to risk within the budget proposals for 2012/13 and comments appropriately.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Chief Finance Officer is required to make a statement on the Robustness of Estimates when the proposed budget is brought to Council for approval.
- 3.1.2 In support of this statement the relevant Heads of Service have completed a risk assessment as part of the MTP Options budget proforma.

3.2 Issues and Choices

- 3.2.1 Each Head of Service has carried out a risk assessment of their budget proposals as part of their MTP Option submissions.

- 3.2.2 Management Board have also scrutinised the risk implications in detail to ensure that the options are deliverable.
- 3.1.3 A list of General Fund budget options is attached at Appendix 1 to this report, the HRA at Appendix 3 and capital schemes at Appendix 5. A schedule for each of these areas is attached at Appendices 2, 4, and 6. These schedules contain more detailed information on the options put forward for consultation along with comments on risk in relation to each option.
- 3.2.3 Outside this, other risk work has been and is being undertaken in relation to the budget proposals. For each proposal an Equalities Impact Assessment has been carried out to identify risks and issues that need to be addressed and considered, in relation to people with protected characteristics, in deciding whether or how to take a proposal forward.

3.3 Choices (Options)

- 3.3.1 The Audit Committee is asked to consider the risk issues in relation to some or all of the budget options for 2012/13 and make comments or recommendations to the Chief Finance Officer.
- 3.3.2 The Audit Committee may consider that the risk issues in relation to some or all of the budget options require comment and therefore make their comments to Cabinet for consideration alongside the final budget proposals.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 There are no specific policy issues arising from this report

4.2 Resources and Risk

- 4.2.1 This report outlines measures taken to identify and mitigate risks in relation to the General Fund and Housing Revenue Account budget proposals.

4.3 Legal

- 4.3.1 There are no specific legal issues arising from this report.

4.4 Equality

- 4.4.1 Equality and Diversity are being considered as a part of the budget build process, and an equalities assessment will be completed for the budget proposals before they are brought to Council for final decision later in February 2012.

4.5 Consultees (Internal and External)

- 4.5.1 Internally Heads of Service and Management Board have been consulted, and involved in the budget risk assessment process.
- 4.5.2 Externally, the public are being consulted as part of the budget consultation exercise and specific consultation exercises, aimed at affected groups, will have been and will be undertaken in respect of specific budget proposals.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 All of the discretionary proposals in the draft budget have been assessed against the corporate priorities as set out in the Corporate Plan.

4.7 Other Implications

- 4.7.1 There are no other specific issues arising from this report.

5. Background Papers

5.1 Appendices

Appendix 1 – General Fund Medium Term Planning Options List

Appendix 2 – General Fund Medium Term Planning Options Description

Appendix 3 – Housing Revenue Account Medium Term Planning Options List

Appendix 4 – Housing Revenue Account Medium Term Planning Options Description

Appendix 5a – General Fund Capital Programme List

Appendix 5b – Housing Revenue Account Capital Programme List

Appendix 6a – General Fund Capital Scheme Descriptions

Appendix 6b – Housing Revenue Account Capital Scheme Descriptions

5.2 Cabinet Reports:

21st December 2011 – Draft budget 2012-2015

Bill Lewis
Head of Finance, ext 7167

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General Fund MTP Options List

Directorate	MTP Option Description	Value		
		12/13	13/14	14/15
Borough Solicitor	Savings from shared service arrangement	(10,000)	(10,000)	(10,000)
ACE	Restructure in Chief Executive's Office	(40,000)	(40,000)	(40,000)
	Introduce paperless Committees at the Council	(5,000)	(5,000)	(5,000)
	TOTAL OPTIONS REMAINING	(55,000)	(55,000)	(55,000)
Planning & Regen	NNDR Refunds following appeals	(35,000)	(20,000)	(10,000)
	Planning Department Restructure	(47,413)	(47,413)	(47,413)
	Reduction in Joint Planning Unit contribution	(30,700)	(30,700)	(30,700)
	Increase in Planning application fees	(43,425)	(43,425)	(43,425)
	Planning Performance Agreement	(50,000)	(50,000)	(50,000)
	TOTAL OPTIONS REMAINING	(206,538)	(191,538)	(181,538)
Finance & Support	Finance & Support Administrative Restructure	(25,000)	(25,000)	(25,000)
	Restructure of Finance Service	(187,500)	(187,500)	(187,500)
	Saving on VAT advice expenditure	(15,000)	(15,000)	(15,000)
	Reduction in External Audit Fees	(35,000)	(35,000)	(35,000)
	Increase Debt Management Risk	(60,000)	(60,000)	(60,000)
	Re-organisation of ICT Service	(70,000)	(70,000)	(70,000)
	Cease postage direct to Councillors and have a collection point in Guildhall	(2,000)	(2,000)	(2,000)
	Review of Concessionary National Non Domestic Rates Scheme		(130,000)	(130,000)
	Re-organisation of Revenues and Benefits Service	(80,000)	(80,000)	(80,000)
	Income from external training	(3,000)	(3,000)	(3,000)
	Reduction in print and dispatch of daily and annual bills and letters	(15,000)	(15,000)	(15,000)
	Business Rates Consortium Efficiency	(10,000)	(10,000)	(10,000)
	Reducing the cost of Bed and Breakfast accommodation through use of Council Housing	(100,000)	(100,000)	(100,000)
	TOTAL OPTIONS REMAINING	(602,500)	(732,500)	(732,500)
	Housing	Introduce Social lettings fee	(43,000)	(62,500)
Increase Choice based lettings charge		(5,000)	(5,000)	(5,000)
Enhanced Housing Management Charge		(390,000)	(416,000)	(455,000)
TOTAL OPTIONS REMAINING		(438,000)	(483,500)	(542,000)

Directorate	MTP Option Description	Value		
		12/13	13/14	14/15
Env & Culture	Reduction in management fee to leisure trust	(200,000)	(400,000)	(600,000)
	Review of Westbridge Administration	(100,000)	(120,000)	(120,000)
	Review of Town Centre Operations Administration	(25,000)	(25,000)	(25,000)
	Review of Museum Service	(25,000)	(50,000)	(100,000)
	Restructure of Community Safety & Licensing administrative functions	(35,000)	(110,000)	(110,000)
	Withdrawal of funding of Police Community Support Officers	(100,000)	(100,000)	(100,000)
	Review of Close Circuit Television Operations	(39,000)	(68,600)	(68,600)
	Withdrawal of Daventry from Close Circuit Television Shared Service	12,000	12,000	12,000
	TOTAL OPTIONS REMAINING	(512,000)	(861,600)	(1,111,600)
Savings & Efficiencies Total		(1,814,038)	(2,324,138)	(2,622,638)
GROWTH				
ACE	Establishment of a Councillor Community Empowerment Fund	135,000	135,000	135,000
Planning & Regen	Funding for the Cost of the Delivery of the Northampton Waterside Enterprise Zone	430,000	185,000	185,000
	Increase in planned maintenancee survey budget to match volume of work	50,000	50,000	50,000
	Neighbourhood Planning Budget for support arising from localism bill	30,000	30,000	30,000
	Impact of transfer of regaining planning powers from WNDC	52,230	52,230	52,230
Env & Culture	Creation of a hardship fund to assist people defray costs of rat control	40,000	40,000	40,000
	VAT increase on parking income (2.5%) Daily tickets	97,000	97,000	97,000
	Car park standardisation	(160,000)	(160,000)	(160,000)
	Free Parking policy change from Oct 2011	528,000	528,000	528,000
Growth Total		1,202,230	957,230	957,230
Overall Total		(611,808)	(1,366,908)	(1,665,408)

General Fund MTP Option Descriptions

MTP Title/Ref:	Savings from shared service arrangement.	
Directorate:	Department:	
Budget	Saving	
Budget Reduction 2012/13	£ (10,000)	
Budget Reduction 2013/14	£ (10,000)	
Budget Reduction 2014/15	£ (10,000)	
Brief Description:		
The Borough Solicitor is currently undertaking a pilot Shared Legal Service with East Northamptonshire Council. The pilot is designed to generate key data for inclusion in a Business Case which will propose a Full Shared Legal Service between the two Council commencing in April 2012.		
Key consequences/risks of delivering the proposal:		
Consequences: NBC will generate income by undertaking legal work for ENDC The resilience of NBC legal services will be improved NBC legal staff will be afforded a wider range of opportunities in terms of experience and potentially career enhancement.		
Risks: ENDC Management and or Council decide not to pursue the proposal ENDC do not generate the level of work anticipated thereby reducing the level of income achievable		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
There are no equalities aspects to the proposal for NBC.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - N/A		

General Fund MTP Option Descriptions

MTP Title/Ref:	Restructure in Chief Executive's Office.	
Directorate:	Department:	
Budget	Saving	
Budget Reduction 2012/13	£ (40,000)	
Budget Reduction 2013/14	£ (40,000)	
Budget Reduction 2014/15	£ (40,000)	
Brief Description: This option is still being worked up and will be included in the February budget report.		
Key consequences/risks of delivering the proposal:		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated?		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/		
How will the actual impact on people with protected characteristics be measured?		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		

General Fund MTP Option Descriptions

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General Fund MTP Option Descriptions

MTP Title/Ref:	Introduce paperless Committees at the Council
Directorate:	Department:
Budget	Saving
Budget Reduction 2012/13	£ (5,000) including spend on ICT equipment
Budget Reduction 2013/14	£ (5,000)
Budget Reduction 2014/15	£ (5,000)
Brief Description:	
<p>Councillors are often provided with paper copies of meeting agendas and reports even if they are not members of the committee in question. As an initial step it is proposed to review the circulation of all papers to member meetings and only print copies where the member is part of that meeting. Members could of course choose to print their own papers should they require a paper copy.</p> <p>The second step would be to ask Overview and Scrutiny to undertake a review as to whether or not the council could move to a "paperless" position utilising technology. For example Councillors would be able to down load papers onto their lap tops which they would need to then take to meetings.</p> <p>The main benefit of this would be the elimination of paper. It will allow for the Committees to run more effectively and efficiently using ICT to its full capacity. Councillors will not have to search papers; information will be available on screen. Documents will be projected on a large screen for the benefit of both the Councillors and public attendees.</p> <p>The Project will benefit Councillors further as they will not need to bring anything to meetings. Electronic data will be available upon arrival. ICT devices will be fully charged and ready for use during the meeting.</p> <p>The Project will create benefits to the Council such as financial savings; highlight the Council as modern, forward thinking and being environmentally responsible. Going paperless can save money, boost productivity, save space, make documentation and information sharing easier and help the environment.</p> <p>The exact costs of this proposal are difficult to determine as the print costs are "under the line" however they are currently estimated at around £50,000 a year.</p>	
Key consequences/risks of delivering the proposal:	
<ul style="list-style-type: none"> • Councillors resist the innovation. • Councillors do not log in and read agendas and supporting paperwork prior to the meeting • Councillors require training on how to use ICT devices and the advancement of technology • ICT failure during the meeting. • Software used to manipulate the agendas, e.g. enable the Councillor to make electronic notes requires an upgrade. • Minimum work supplied by Democratic Services to the Print Room • Poor publicity in response to the purchase of ICT equipment. • Democratic Services Officers required to take the minutes at the meeting electronically • Information will be accessible easier and faster for all stakeholders. 	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A	

General Fund MTP Option Descriptions

Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.

Yes. Excellent communication strategies are key components to counteracting the implications of the Project. There is a need to ensure all Councillors are fully trained on the use of the ICT devices at the meeting, making electronic notes and accessing other documents. A Training Plan for the Project has been compiled together with clear communication channels.

The implementation of paperless committees could be harmful to one or more of the protected characteristic groups, therefore there is a need to ensure that it is accessible to these groups and enables them to participate fairly and access information of meetings of the Council

General (all protected characteristics): The Project Co-Ordinator is mindful of the eight protected characteristics when undertaking this Project so that any recommendations that it makes can identify potential positive and negative impacts on any particular sector of the community. This will be taken into consideration as the Project progresses and evidence is gathered.

Disability: There are no arrangements in place such as sign language interpreters at meetings.

If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated?

General (all protected characteristics): Training will be given to all Councillors and relevant Officers involved in the Project so that Councillors will be able to fully participate in paperless Committees and Officers will be able to provide advice and support to ensure, wherever possible, the Project is meeting equality and diversity duties.

Disability: The agenda and supporting paperwork are downloadable in both RTF and PDF format. It will be ensured that the software allows for Councillors, Officers and the general public to change the size of the font to enable them to have full access to the information relating to the meetings.

A number of large screens and microphones will be installed in the Council's main meeting rooms so that all attendees have equal access to the meeting content.

How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?

Meetings were held between key officers from Democratic Services and CEX Services and ICT, who will be part of this Project to identify the risk of a negative impact on people with protected characteristics. Councillors will be engaged at the earliest appropriate time prior to commencement of the Project.

How does this MTP further the aims of the Public Sector Equalities Duty? (Growth items only) <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/> - N/A

How will the actual impact on people with protected characteristics be measured?

The Project will be regularly evaluated and feedback received. A simple questionnaire regarding Paperless Committees will be produced for completion by Councillors, Officers and the general public attending meetings. Specific questions regarding the impact on people with protected characteristics will be asked.

Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?

No. Alternative methods have been analysed

General Fund MTP Option Descriptions

MTP Title/Ref:	NNDR Refunds following appeals.	
Directorate:	Department:	
Budget	Saving	
Budget Reduction 2012/13	£ (35,000)	
Budget Reduction 2013/14	£ (20,000)	
Budget Reduction 2014/15	£ (10,000)	
Brief Description:		
<p>A total net increase of £35,000 in 2012/13 in the amount of refunds obtainable from appeals against rateable values and reliefs of NNDR for other reasons. The figures relate to savings in this service's budget. Ongoing reductions in future years, arising from reductions in NNDR payable for operational property, will accrue to the relevant service's budget, not Regeneration</p> <p>The precise level of refunds and reliefs obtainable cannot be ascertained at this time. Estimate of savings based upon preliminary scope for reductions in rateable values from limited pool of properties (where 'profits' method used to calculate RV's). Option will have no impact upon service. External fee costs met from refunds on "no win, no fee" basis.</p>		
Key consequences/risks of delivering the proposal: - None		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
N/A		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		
N/A		

General Fund MTP Option Descriptions

MTP Title/Ref:	Planning Department Restructure.	
Directorate: Planning and Regen	Department: Planning	
Budget	Saving	
Budget Reduction 2012/13	£ (47,413)	
Budget Reduction 2013/14	£ (47,413)	
Budget Reduction 2014/15	£ (47,413)	
Brief Description:	Staff Savings/Restructure within Planning Department	
Key consequences/risks of delivering the proposal:	The objective of this restructure is to ensure that the department is better equipped in terms of technical and IT skills to meet the operational challenges as a result of the transfer of WNDC planning powers back to the authority. It is estimated that up to 4 members of staff may be affected and there is an overall reduction of 4 posts to 2 posts. However, the requirements of the new posts are such that staff will have to be retrained and up-skilled in order to provide an adequate level of support to the professional staff to support major projects.	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):	N/A	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.	No. This work is already being done by WNDC, the administrative transfer ensures that the statutory requirements are still being met and that NBC can deliver an equal level of service to the public, including those with protected characteristics.	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? –	N/A	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? –	N/A	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>)	http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A	
How will the actual impact on people with protected characteristics be measured?	N/A	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? -	N/A	

General Fund MTP Option Descriptions

MTP Title/Ref:	Reduction in Joint Planning Unit contribution.
Directorate:	Department:
Budget	Saving/ Growth
Budget Reduction 2012/13	£ (30,700)
Budget Reduction 2013/14	£ (30,700)
Budget Reduction 2014/15	£ (30,700)
Brief Description:	
Reduction in our contribution to the JPU budget. No impact and recommended.	
A reduction in the contribution of NBC to the Joint Planning Unit of £30,700 2012/13 due to unexpected delays to the progress of the Joint Core Strategy arising from uncertainty due to the changes to the national planning framework at national level and a review of the work programme.	
Key consequences/risks of delivering the proposal:	
The progress of the JCS has been delayed by several months and expenditure expected in 2011/12 has been rescheduled to 2012/13. This delay has no significant risks.	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.	
No, the work will be completed but with a delay in the timetable.	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A	
How will the actual impact on people with protected characteristics be measured?	
N/A	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? – N/A	

General Fund MTP Option Descriptions

MTP Title/Ref:	Increase in Planning Application Fees
Directorate:	Department:
Budget	Saving
Budget Reduction 2012/13	£ (43,425)
Budget Reduction 2013/14	£ (43,425)
Budget Reduction 2014/15	£ (43,425)
Brief Description: Increase in Planning Application Fees (amount still to be confirmed).	
Key consequences/risks of delivering the proposal: This is an estimate of the increase in fees likely to occur in 2012/13 based on the revised forecast for 2011/12, together with the possibility of a non-discretionary increase in planning application fees due to changes in the statutory fee regulations. The risk is that the level of fee may not be achievable due to the current economic circumstances continuing to depress the demand for new development, or that the Government may not increase fees from April 2012.	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No. The current fee regulations make provision for exemption for some categories of people with protected characteristics. This will not change.	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ N/A. Any increase in fees by Central Government will be subject to a separate assessment undertaken at national level.	
How will the actual impact on people with protected characteristics be measured? - N/A	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? – N/A	

General Fund MTP Option Descriptions

MTP Title/Ref:	Planning and Performance Agreement	
Directorate:	Department:	
Budget	Saving	
Budget Reduction 2012/13	£ (50,000)	
Budget Reduction 2013/14	£ (50,000)	
Budget Reduction 2014/15	£ (50,000)	
Brief Description:		
As a result of the transfer of planning powers from WNDC, the Council will be moving to a development management framework of dealing with applications for strategic development proposals. This will encourage developers to enter into Planning Performance Agreements prior to commencing pre-application discussions. This will entail a fee depending on the type and complexity of the development proposed. This is a net saving.		
Key consequences/risks of delivering the proposal:		
Failure to move to this system will result in a burden on the resources of the department to the detriment of overall performance and increased costs to the Council.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No. This affects only prospective applicants of major development schemes.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		
There is no impact on people with protected characteristics.		

General Fund MTP Option Descriptions

MTP Title/Ref:	Finance & Support Administrative Restructure	
Directorate: Finance & Support	Department: Finance and Support	
Budget	Saving	
Budget Reduction 2012/13	(£25,000)	
Budget Reduction 2013/14	(£25,000)	
Budget Reduction 2014/15	(£25,000)	
Brief Description:		
This proposal will reduce the staffing level within the finance and support administrative function by 1 fte. The department has implemented improved working practices and has reduced from five heads of services to three. There is therefore scope to reduce the number of staff in this area.		
Key consequences/risks of delivering the proposal:		
None. This is a low risk option.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
NO		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		
There is no impact on people with protected characteristics.		

General Fund MTP Option Descriptions

MTP Title/Ref:	Restructure of Finance Service	
Directorate: Finance & Support	Department: Finance	
Budget	Saving	
Budget Reduction 2012/13	(£187,500)	
Budget Reduction 2013/14	(£187,500)	
Budget Reduction 2014/15	(£187,500)	
Brief Description:		
<p>This proposal will significantly reduce staffing levels in finance. In order to achieve this, a number of service delivery changes will need to be put in place. The most significant ones of these are: -</p> <p>The Finance Department will be staffed to deliver the normal daily functions of the service; additional work, such as support for projects, will have to be funded from project budgets</p> <p>In theory, responsibility for forecasting lies with budget managers and heads of service; in practice there is a high level of support from service accountants. The service will be structured such that advice and support can be provided, but at a level more appropriate for a mature organisation; budget managers will be required to take full ownership of their budgets and forecasts and finance will challenge these on an exception basis and report findings to Management Board within the monitoring reports. Services will be risk assessed and visits to budget managers will be prioritised and timetabled on the basis of that risk assessment</p> <p>Adhoc queries will be dealt with via a generic email address and only complex queries or queries that involve detailed service knowledge will be dealt with by a specified service accountant</p>		
Key consequences/risks of delivering the proposal:		
<p>Ownership of budgets and the management of budgets will more clearly sit with budget managers; support from Finance will be reduced but will be targeted through a risk-based assessment of budgets and service areas so that areas most in need of attention receive appropriate levels of support.</p> <p>This is a medium to high risk option, although if the required cultural changes are supported by Management Board and necessary action taken to support these, this can be mitigated to a low risk option.</p>		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. - No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
<p>The actual impact (if any) on people with protected characteristics will only become known following the full restructure and consultation process. The process will be assessed at all times to ensure that it is being undertaken in a fair and open manner in accordance with Council policies and procedures.</p>		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		

General Fund MTP Option Descriptions

There is no unequal impact on any people with protected characteristics. If a member of staff with protected characteristics is affected, it will be after a fair, consultative process undertaken in line with Council policies and procedures.

MTP Title/Ref:	Saving on VAT advice expenditure	
Directorate: Finance & Support	Department: Finance	
Budget	Saving	
Budget Reduction 2012/13	(£15,000)	
Budget Reduction 2013/14	(£15,000)	
Budget Reduction 2014/15	(£15,000)	
Brief Description:		
<p>The Council does not need a full time VAT expert. The Finance department has recently procured a VAT helpline contract and internal knowledge is limited to a basic level. The balance of the current VAT budget could be retained within Finance budget and used to cover any other additional specialist VAT advice required from our provider. However, if it turns out that no queries are raised that cannot be answered through the helpdesk (they will only need additional funding if they are complex and involved), then this budget will remain unused. Complex and involved queries are likely to come up when the Council is involved in some specific projects, such as Grosvenor Greyfriars, etc. It is probably more appropriate therefore that any additional VAT advice arising from these projects are funded from the project budgets. The need for advice can therefore be factored in to the consideration of whether to embark on a particular project rather than from a specific VAT advice budget which may end up being largely superfluous.</p> <p>If this option is adopted, therefore, any VAT queries related to a specific project (aside from those that can be answered through the helpline in any case) will involve additional external advice from our provider that must be funded through the projects</p>		
Key consequences/risks of delivering the proposal:		
This is a low risk option, assuming that funding for additional VAT advice is funded through project budgets.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
By the nature of a VAT helpline accessed by Finance staff, there are no other stakeholders to engage.		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
By the nature of a VAT helpline accessed by Finance staff, there are no impacts on people with protected characteristics to measure.		
Are there any alternative ways of delivering this level of saving with less/no impact on		

General Fund MTP Option Descriptions

people with protected characteristics?

There is no impact on people with protected characteristics.

MTP Title/Ref:	Reduction in External Audit Fee	
Directorate: Finance & Support	Department: Finance	
Budget	Saving	
Budget Reduction 2012/13	(£35,000)	
Budget Reduction 2013/14	(£35,000)	
Budget Reduction 2014/15	(£35,000)	
Brief Description:		
<p>This option is based on the current Audit Commission consultation on fees for 2012/13 and calculated against existing fees.</p> <p>The figures for 2012/13 are dependent upon the outcome of the consultation. The cost for future years may change depending on the outcome of the national tendering exercise and which firm gets assigned to the Northampton area.</p>		
Key consequences/risks of delivering the proposal:		
<p>This is a low to medium risk option. The key risk is that the actual fees vary from those currently projected by the Audit Commission.</p>		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
<p>By the nature of the External Audit service, primarily liaising with Finance staff, there are no other stakeholders to engage.</p>		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
<p>By the nature of the External Audit service, primarily liaising with Finance staff, there are no impacts on people with protected characteristics to measure.</p>		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		
<p>There is no impact on people with protected characteristics.</p>		

General Fund MTP Option Descriptions

MTP Title/Ref:	Increase Debt Management Risk	
Directorate: Finance & Support	Department: Finance	
Budget	Saving	
Budget Reduction 2012/13	(£60,000)	
Budget Reduction 2013/14	(£60,000)	
Budget Reduction 2014/15	(£60,000)	
Brief Description:		
<p>This option involves accepting greater risk within our debt management portfolio. Increased risk can arise from a number of different aspects including widening the counter party list (who we are willing to lend to) and investing reserves over a longer period. Arguably, widening the counterparty list is more risky because the Council would be investing in bank or countries with a lower credit rating. The effect of lengthening investment periods is linked to this in that the longer the period of investment, the greater the probability that one of the counterparties, that was previously assessed as acceptable, has a worsening credit rating over the period of the investment. The brief analysis below looks at lengthening investment periods.</p> <p>Based on the rates on Monday 3 October 2011 the average difference between the 3 month rate and the 12 month rate was 0.822%, equivalent to £8,223 per annum for each £1m invested for the longer period. Obviously rates and the average gap vary day to day.</p> <p>We would not be able to put all of our cash out long for cash flow reasons, but we have a few million in core cash that we could get this benefit from if we were to increase our risk appetite.</p> <p>We would almost certainly need to amend the Treasury Strategy as this currently says we "will use the recommendations of the creditworthiness service provided by the Council's external treasury advisers to determine suitable counterparties and the maximum period of investment, using the ratings assigned" as well as the corresponding TMPs and schedules. Going out long at the present time would not be in line with Sector advice (our Treasury Advisers). However, other local authorities are now going out for longer time periods.</p> <p>Since Iceland and the general banking crash, the Treasury Management code of practice was amended so that Treasury management decisions have to consider Security, Liquidity, and Yield (SLY) in that order. However, this must be a balanced view and the Yield aspect should not be ignored entirely.</p> <p>The risk is that we either have to pay a premium to recover the money early if we feel we need to at any stage or that the money is locked out with risk to the principal as happened with Iceland.</p> <p>Under the new regulations, changing the risk appetite on Treasury Management is to be as much something for consideration by members as the s.151 officer. Members would therefore have to specifically accept that Treasury Management decisions were being made that were higher risk.</p> <p>The figures above assume that the whole of our £20m core cash is put out and the interest differential is 0.6%. Half of the benefit (approximately) would pass to the HRA.</p>		
Key consequences/risks of delivering the proposal:		
The risk is that we either have to pay a premium to recover the money early if we feel we need to at any stage or that the money is locked out with risk to the principal as happened with Iceland.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		

General Fund MTP Option Descriptions

<p>Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.</p> <p>No</p>
<p>If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A</p>
<p>How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?</p> <p>By the nature of the debt management service, operated by Finance staff, there are no other stakeholders to engage.</p>
<p>How does this MTP further the aims of the Public Sector Equalities Duty? (Growth items only) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A</p>
<p>How will the actual impact on people with protected characteristics be measured?</p> <p>By the nature of the debt management service, operated by Finance staff, there are no impacts on people with protected characteristics to measure.</p>
<p>Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?</p> <p>There is no impact on people with protected characteristics.</p>

General Fund MTP Option Descriptions

MTP Title/Ref:	Re-organisation of ICT Service	
Directorate: Finance & Support	Department: ICT	
Budget	Saving	
Budget Reduction 2012/13	(£70,000)	
Budget Reduction 2013/14	(£70,000)	
Budget Reduction 2014/15	(£70,000)	
Brief Description:		
<p>This proposal will reduce staffing levels within the ICT Service. The service is currently undergoing a Strategic Business Review to ensure that it is fit for purpose for the future delivery of transformational change to the Council. Part of this review involves a market test and it is essential to ensure that our establishment is lean and that any potential savings are extracted prior to the market test. The ICT service establishment was significantly restructured and reduced last year. During the year volumes of work have been monitored and these are changing in type due to the roll-out of new technologies. With cross-training and increased automation it is proposed to reduce the staffing levels</p>		
Key consequences/risks of delivering the proposal: - None		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
<p>The actual impact (if any) on people with protected characteristics will only become known following the full restructure and consultation process. The process will be assessed at all times to ensure that it is being undertaken in a fair and open manner in accordance with Council policies and procedures</p>		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		
<p>There is no unequal impact on any people with protected characteristics. If a member of staff with protected characteristics is affected, it will be after a fair, consultative process undertaken in line with Council policies and procedures.</p>		

General Fund MTP Option Descriptions

MTP Title/Ref:	Cease postage to Councillors and introduce a Guildhall collection point	
Directorate: Finance & Support	Department:	
Budget	Saving	
Budget Reduction 2012/13	(£1,984)	
Budget Reduction 2013/14	(£1,984)	
Budget Reduction 2014/15	(£1,984)	
Brief Description: It is proposed to stop using the royal mail or other postal services to deliver Councillors correspondence. Instead all items would be left for collection at the Guildhall or sent to them electronically.		
Key consequences/risks of delivering the proposal: None		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? This links to Paperless Committees at the Council. The Project will be regularly evaluated and feedback received. A simple questionnaire regarding Paperless Committees will be produced for completion by Councillors, Officers and the general public attending meetings. Specific questions regarding the impact on people with protected characteristics will be asked. The Implementation Plan proposes how evaluation and feedback will be obtained.		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No. – This is linked to Paperless Committees as the Council:-		

General Fund MTP Option Descriptions

MTP Title/Ref:	Review of National Non Domestic Rates Concessionary Scheme.	
Directorate: Finance & Support	Department:	
Budget	Saving	
Budget Reduction 2012/13	0	
Budget Reduction 2013/14	Option 1 - (£130,000)	
Budget Reduction 2014/15	Option 1 - (£130,000)	
Brief Description:		
<p>Currently the Council has the discretionary power to grant additional National Non Domestic Rate (NNDR) relief to charities or relief to similar organisations under the Local Government Finance Act 1988 who satisfy either of the criteria below on both occupied (Section 47) and unoccupied property (Section 48).</p> <p>Each application for discretionary relief is considered on its own merit and there is no blanket policy for determining the award.</p> <p>The Government's Resource Review, which is due to be implemented from April 2013, will fundamentally change the way local authorities are funded. One of the key elements of the proposals is to retain NNDR locally and this is likely to have a major impact on both the mandatory and discretionary elements of the scheme.</p> <p>In order for a change to be made from April 2013, a decision would be required, and communicated to the affected ratepayers, giving notice of the decision prior to the 31st March 2012. Whilst delegated powers exist for the granting of relief, a decision by Full Council could be more appropriate if a fundamental change to the basis for granting relief is made. It would be reasonable to undertake this as part of budget process. This option therefore gives notice of the withdrawal of the scheme.</p> <p>NBC wishes to work with the Charity and non-profit making organisations and other local authority partners during 2012/13 to develop a scheme once the implications of the localisation of NNDR are announced and understood.</p>		
Key consequences/risks of delivering the proposal:		
This option will allow the Council to give the required statutory notice of withdrawal of the current scheme and aims work with partners to develop a new scheme once the implications of the local government resource review is known.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
Yes, this option could impact on people with protected characteristics dependant upon the final shape of the local government resource review.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated?		
By working with partners to develop a new scheme it is anticipated that this will be mitigated.		
How were stakeholders engaged to assess the risk of a negative impact on people with		

General Fund MTP Option Descriptions

protected characteristics? N/A

How does this MTP further the aims of the Public Sector Equalities Duty? (*Growth items only*) <http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/> - N/A

How will the actual impact on people with protected characteristics be measured?
By working with partners the actual impact of the new scheme will be captured.

Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?
This will be developed with partners during 2012/13 once the impact of the new scheme is known.

General Fund MTP Option Descriptions

MTP Title/Ref:	Re-organisation of Benefits Service	
Directorate: Finance & Support	Department: Revenue & Benefits	
Budget	Saving	
Budget Reduction 2012/13	(£80,000)	
Budget Reduction 2013/14	(£80,000)	
Budget Reduction 2014/15	(£80,000)	
Brief Description:		
<p>This would consider a re – structure across the service and would be focused on preparing the revenues and benefits service for reforms of the revenues and benefit systems across the next 10 years. Providing a contingency for business rates could also be created and the possibility of cross management of some teams. We also need to consider parts of the services workload that could cease as a result of reform. This option also includes reducing the number of assessment staff by one as a result of automating some processes.</p>		
Key consequences/risks of delivering the proposal:		
<p>The re-structure although potentially reducing the number of staff employed within the service focuses on delivering more for less. Therefore performance of the teams would remain unchanged.</p>		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics		
There is no impact on people with protected characteristics.		

General Fund MTP Option Descriptions

MTP Title/Ref:	Income from external training	
Directorate: Finance & Support	Department:	
Budget	Saving	
Budget Reduction 2012/13	(£3,000)	
Budget Reduction 2013/14	(£3,000)	
Budget Reduction 2014/15	(£3,000)	
Brief Description: We now have a standard range of training courses both facilitated and online. The aim here is to offer external chargeable places on courses we are already planning to run for our own staff.		
Key consequences/risks of delivering the proposal: We could see an impact on training quality internally if these courses are over subscribed, however we will work to ensure this does not occur and priority is given to internal staff training.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? There is no impact on people with protected characteristics.		

General Fund MTP Option Descriptions

MTP Title/Ref:	Reduction in print & dispatch of daily and annual bills & letters	
Directorate: Finance & Support	Department:	
Budget	Saving	
Budget Reduction 2012/13	(£15,000)	
Budget Reduction 2013/14	(£15,000)	
Budget Reduction 2014/15	(£15,000)	
Brief Description: This would involve a complete review of all in year print and dispatch, alongside our large year-end billing process. Obtaining quotes, including an in – house quote would aim to deliver a cost reduction.		
Key consequences/risks of delivering the proposal: An emphasis on quality will need to be considered as part of any revised service delivery. This would remove any risk of customers receiving in – adequate bills or notifications.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. N/A		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? There is no impact on people with protected characteristics.		

General Fund MTP Option Descriptions

MTP Title/Ref:	Business Rates Consortium Efficiency	
Directorate: Finance & Support	Department: Business rates	
Budget	Saving	
Budget Reduction 2012/13	(£10,000)	
Budget Reduction 2013/14	(£10,000)	
Budget Reduction 2014/15	(£10,000)	
Brief Description: As part of reduced running costs within our business rates consortium we will aim to achieve savings in 2012 / 13.		
Key consequences/risks of delivering the proposal: By meeting the saving the key risk could be a reduction in business rate collection. This would be closely monitored and performance managed.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. N/A		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? There is no impact on people with protected characteristics.		

General Fund MTP Option Descriptions

MTP Title/Ref:	Reducing the cost of Bed and Breakfast accommodation through use of Council Housing	
Directorate: Finance & Support	Department:	
Budget	Saving	
Budget Reduction 2012/13	(£100,000)	
Budget Reduction 2013/14	(£100,000)	
Budget Reduction 2014/15	(£100,000)	
Brief Description:		
<p>The Council is looking at utilising Council properties in 2012-2013 for housing the homeless.</p> <p>The aim of this proposal is to reduce the loss in housing benefit subsidy currently experienced through the use of Bed and Breakfast accommodation, which carries a large cost.</p> <p>The Council will use the housing stock as a cheaper alternative to using bed and breakfast accommodation, and provide more appropriate short term accommodation for families with children.</p> <p>With homelessness increasing nationally, this option will contribute to minimising the cost to the Council of temporary accommodation</p>		
Key consequences/risks of delivering the proposal:		
<p>The main risk relates to the risk of homelessness applications increasing to a level that exceeds the expected availability of HRA properties that replace bed and breakfast units. This could occur due to reductions in housing benefit levels coming into force in early 2012/13.</p>		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
<p>N/A – Increases in the use of bed and breakfast accommodation above the expected level would need to be monitored through monthly budget analysis of our spend. We have a statutory duty and therefore any overspend would need to be met.</p>		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? Yes – as above.		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - N/A		

General Fund MTP Option Descriptions

General Fund MTP Option Descriptions

MTP Title/Ref:	Introduce Social lettings fee	
Directorate: Housing GF	Department: Housing	
Budget	Saving/ Growth	
Budget Reduction 2012/13	(£43,000)	
Budget Reduction 2013/14	(£62,500)	
Budget Reduction 2014/15	(£82,000)	
Brief Description:		
It is proposed to charge a weekly (TBC) fee for each private rented property in the social lettings agency. For example:		
Number of properties x Weekly charge		
Yr 1 £15 x 52 = £780 x 100 = £78k		
Yr 2 125 properties		
Yr 3 150 properties		
Resource implications 1 FTE.		
Key consequences/risks of delivering the proposal:		
The delivery of the Social Lettings Agency will promote equality of opportunity issues, as greater access to accommodation will be provided to all sections of society.		
With the reduction of re-letting of Council accommodation falling by 25% and new build affordable housing falling from 200 new build properties each year to 80 properties each year, it is essential that the Social Lettings Agency is launched to promote access to accommodation, provide wider options of alternative accommodation, meet the statutory duties placed on the Council, and promote equality of opportunity.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
If the Social Lettings Agency is not developed then vulnerable families will remain in inappropriate and expensive Bed and Breakfast accommodation for longer periods of time. Children's education will suffer and additional and unnecessary stress will be placed on families.		
The opportunities for families to access safe and secure accommodation will be reduced and Northampton Borough Council will continue to breach the DCLG 6 week rule, with further negative publicity.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/		
Promotes wide options and choice for all sections of society		
How will the actual impact on people with protected characteristics be measured?		
Through Equality Impact Assessments and performance monitoring measures		

General Fund MTP Option Descriptions

Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? There is no impact on people with protected characteristics.	
MTP Title/Ref:	Increase Choice based lettings charge
Directorate: Housing GF	Department: Housing
Budget	Saving/ Growth
Budget Reduction 2012/13	(£5,000)
Budget Reduction 2013/14	(£5,000)
Budget Reduction 2014/15	(£5,000)
Brief Description: Charges per letting to rise from £70 per property to £75 based on approx 1,000 lettings a year and by a further £5 in each of the subsequent 2 years.	
Key consequences/risks of delivering the proposal: The delivery of the additional income will have no risks as all Registered Social Landlords and the Housing Revenue Account will be paying the additional fee for the service provided.	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): There will be reduced income that will impact on the health of the General Fund	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A	
How will the actual impact on people with protected characteristics be measured? N/A	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? There is no impact on people with protected characteristics.	

General Fund MTP Option Descriptions

MTP Title/Ref:	Enhanced Housing Management Charge	
Directorate: Housing GF	Department:	
Budget	Saving	
Budget Reduction 2012/13	£(390,000)	
Budget Reduction 2013/14	£(416,000)	
Budget Reduction 2014/15	£(455,000)	
Brief Description:		
<p>It is proposed to charge all vulnerable council tenants a weekly service charge of £15 per week to provide support to live independently and maintain tenancies. This charge would be payable through Housing Benefits for anyone in receipt of income support of JSA.</p> <p>Eg. 500 tenants x £780 pa</p> <p>2013/14 £16.00 charge 2014/15 £17.50 charge</p>		
Key consequences/risks of delivering the proposal:		
Customers that are vulnerable may not be provided with services that enable them to retain their independence if the Enhanced Housing Management Charge and Gateway service and related services are not made available.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
Higher % of evictions from Council accommodation, vulnerable customers not maintaining their tenancies, higher volume of vulnerable people sleeping on the streets.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No this service would promote equality of opportunity and positively breakdown barriers to service delivery.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/		
Promotes equality of opportunity and addresses barriers to service delivery		
How will the actual impact on people with protected characteristics be measured?		
Equality Impact Assessment will be introduced and regular performance management measures reported upon.		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - No		

General Fund MTP Option Descriptions

MTP Title/Ref:	Reduction in management fee to Northampton Leisure Trust	
Directorate: Env & Culture	Department:	
Budget	Saving	
Budget Reduction 2012/13	(£200,000)	
Budget Reduction 2013/14	(£400,000)	
Budget Reduction 2014/15	(£600,000)	
Brief Description:		
<p>As was the plan from inception, this proposal is to reduce the management fee the council pays to the Northampton Leisure Trust in return for delivering services in accordance with outcomes set out the management agreement.</p> <p>In its first year of trading, the trust has strengthened its trading position through the achievement of efficiencies and an increase in income and has therefore been able to agree with the council a reduction in management fee in return for maintaining the outcomes it delivers on behalf of the council.</p>		
Key consequences/risks of delivering the proposal: - None		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
None		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
No impact		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - No		

General Fund MTP Option Descriptions

MTP Title/Ref:	Review of Westbridge Administration	
Directorate: Env & Culture	Department:	
Budget	Saving	
Budget Reduction 2012/13	(£100,000)	
Budget Reduction 2013/14	(£120,000)	
Budget Reduction 2014/15	(£120,000)	
Brief Description:		
<p>This proposal is entirely focused on back office activities. It proposes a further review of administrative services provided to support functions undertaken at Westbridge depot.</p> <p>Last year all generic admin functions were brought together to achieve efficiencies. This proposal will involve further integrating and streamlining activities to achieve additional efficiencies. It will include a review of admin activities in the environmental services partnership unit.</p> <p>There will be no impact on services to the public arising from this savings proposal.</p>		
Key consequences/risks of delivering the proposal: - None		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - No		

General Fund MTP Option Descriptions

MTP Title/Ref:	Review of Town Centre Operations Administration	
Directorate: Env & Culture	Department:	
Budget	Saving	
Budget Reduction 2012/13	(£25,000)	
Budget Reduction 2013/14	(£25,000)	
Budget Reduction 2014/15	(£25,000)	
Brief Description: Review of administrative functions undertaken to support town centre operations to achieve efficiencies through better ways of working.		
Key consequences/risks of delivering the proposal: This proposal will have no impact on the service delivered to the public.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): None		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - No		

General Fund MTP Option Descriptions

MTP Title/Ref:	Review of Museum Service	
Directorate: Env & Culture	Department: Museums	
Budget	Saving	
Budget Reduction 2012/13	(£25,000)	
Budget Reduction 2013/14	(£50,000)	
Budget Reduction 2014/15	(£100,000)	
Brief Description:	Review of museum income via corporate sponsorship, donations and income received in the museum shop.	
Key consequences/risks of delivering the proposal:	The service will need to develop a more commercially minded approach to what it does overall	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):	None	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.	None at this stage	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?	N/A	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - N/A		

General Fund MTP Option Descriptions

MTP Title/Ref:	Restructure of Community Safety & Licensing administrative functions	
Directorate: Env & Culture	Department: Public Protection	
Budget	Saving	
Budget Reduction 2012/13	(£35,000)	
Budget Reduction 2013/14	(£110,000)	
Budget Reduction 2014/15	(£110,000)	
Brief Description: Review of the following areas: Year 1 Community Safety/Licensing section Year 2, Public Protection Division wide		
Key consequences/risks of delivering the proposal: Reduced resources for delivering some Community Safety projects but compensated by involvement of Neighbourhood management resources. Funded projects are likely to reduce due to current economic situation. Outcome will lead to a more flexible Licensing resource, with more focus on the enforcement element of the service and clear structure/supervision within the administrative team. Year 2 may need some realignment of management/ reporting structures that could impact on these parts within other service areas of the council. Business case will be drafted at the appropriate time in 12/13		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): - N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No-Reduced activity compensated by other services		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? Wider use of Neighbourhood management within Community Safety will continue to improve the coordination and effectiveness of partnership agencies.		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? Neighbourhood Management are aware and its management is actively working with CS to share action plans		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? Ongoing analysis of Community Safety statistics and Community Safety consultation		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? – No		

General Fund MTP Option Descriptions

MTP Title/Ref:	Withdrawal of funding of Police Community Support Officers	
Directorate: Env & Culture	Department: Public Protection	
Budget	Saving	
Budget Reduction 2012/13	(£100,000)	
Budget Reduction 2013/14	(£100,000)	
Budget Reduction 2014/15	(£100,000)	
Brief Description:		
<p>This proposal may result in Northamptonshire Police providing 5 less Police Community Support Officers (PCSOs) if they do not decide to replace this loss of funding from another source. They currently employ 162 PCSOs across the county. It is understood that the county council are also considering whether to withdraw the funding of £500,000 they make to Northamptonshire Police for PCSOs, which could result in an additional reduction of up to 26 PCSOs.</p> <p>It is estimated that this could result in up to 20 fewer PCSOs operating in Northampton.</p> <p>Some of this impact will be offset by the work of the relaunched neighbourhood wardens and the newly established park rangers. Both of these roles provide a lower cost and more flexible resource to address local issues in the town.</p> <p>If this proposal is agreed, discussions will take place with the Police and county council to minimise the impact on the public of its implementation and to ensure smooth transition.</p>		
Key consequences/risks of delivering the proposal:		
Northamptonshire Police may provide less PCSOs		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): None		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
Although all residents will potentially be affected if the number of PCSOs is reduced by the police as a result of NBC withdrawing funding more vulnerable sections of the community may be more affected. The police will need to mitigate this risk in the way they respond to this funding cut.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated?		
Through discussions with the police. Our response will depend on what the police decide to do.		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
This process will need to be undertaken by the police.		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty - N/A		
How will the actual impact on people with protected characteristics be measured?		
This will be dependent on police response and will be undertaken by the police		
Are there any alternative ways of delivering this level of saving with less/no impact on		

General Fund MTP Option Descriptions

people with protected characteristics? - No

General Fund MTP Option Descriptions

MTP Title/Ref:	Review of Close Circuit Television operations	
Directorate: Env & Culture	Department:	
Budget	Saving	
Budget Reduction 2012/13	(£39,000)	
Budget Reduction 2013/14	(£68,600)	
Budget Reduction 2014/15	(£68,600)	
Brief Description:		
<p>Year 1 impact of this proposal is minimal and entails a reduction in evening shift coverage from 2 to 1 on Sun, Mon, Tue & Wed nights. There will be lone worker issues that will need to be appropriately managed. When Operatives have to take breaks away from the screen there will be short periods with no live visual cover of the screen.</p> <p>Year2 onwards,13/14/15. Turning off CTV Cameras where evidence indicates their contribution to the prevention or detection of crime and anti social behaviour to be minimal .</p> <p>The possibility of external funding for cameras will be explored during 12/13 which if available would enable more cameras to remain on.</p>		
Key consequences/risks of delivering the proposal:		
Crimes or anti social behaviour may be reported to the police less promptly or may be unreported. Detection and conviction rates of crimes may be affected.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
All people within town potentially affected, although may be a greater impact on vulnerable members of the community. There will be a reduced ability to respond to police calls as contractual obligations will be given priority.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated?		
Raise awareness with Police of reduced service being provided		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
Police have been advised.		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured?		
N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - No.		

General Fund MTP Option Descriptions

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General Fund MTP Option Descriptions

MTP Title/Ref:	Withdrawal of Daventry from Close Circuit Television Shared service	
Directorate: Env & Culture	Department:	
Budget	Growth	
Budget Increase 2012/13	£12,000	
Budget Increase 2013/14	£12,000	
Budget Increase 2014/15	£12,000	
Brief Description: DDC are to withdraw from Close Circuit Television monitoring service for Daventry with effect from 04/03/2012		
Key consequences/risks of delivering the proposal: Reduced income has to be compensated		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): Budget deficit will impact negatively upon rest of service budget		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No - affects are with DCC area		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? A matter for DCC		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - No		

General Fund MTP Option Descriptions

MTP Title/Ref:	Establishment of a Councillor Empowerment Fund	
Directorate: ACE	Department:	
Budget	Growth	
Budget Increase 2012/13	£135,000	
Budget Increase 2013/14	£135,000	
Budget Increase 2014/15	£135,000	
Brief Description:		
<p>It is proposed to establish a Council Empowerment Fund. A Councillor Empowerment Fund is a Scheme which grants a set sum, £3,000 per year to each of the Council's elected Councillors to spend within their electoral ward.</p> <p>The development of a Councillor Empowerment Fund Scheme links to the Council's corporate priorities - Corporate priority 1 (Supporting you when you need it) – Supporting community involvement and give you opportunity to take part. The Corporate Plan 2012/2013 is currently in development and it is anticipated that the Scheme will be identified as a Corporate priority.</p> <p>Part 1 of the Local Government Act 2000 gives Councils broader powers to promote the social, economic and environmental well being of its area. This power brings with it benefits for Authorities and local communities through more effective relationships with partners and the public, greater freedoms and flexibilities and the ability to be innovative and creative. It is of particular relevance to promoting Councillors' community leadership role and the development of Empowering Councillors and Communities Schemes.</p> <p>The Administration, in its Manifesto, gave its commitment to the development of a "<i>Councillor Community Fund Scheme for Borough Councillors to allocate money within their ward to make a positive impact on the areas they represent and to empower local residents who are active in their communities. A Conservative administration will consult Northamptonshire County Council and use best practice and advice from the successful Empowering Councillors and Communities Scheme</i>".</p> <p>This would be funded from the New Homes bonus reserve.</p>		
Key consequences/risks of delivering the proposal:		
<ul style="list-style-type: none"> • The benefits of a Councillor Empowerment Scheme include allowing Community Groups to do things that they might not otherwise be able to afford to do. This should benefit the specific group and also potentially the wider community either locally or across the district. • Lack of Councillor engagement in the Scheme – It will be the Councillors' responsibility to promote the Scheme within their ward, raise interest, assist organisations in completing their application forms, communicating their final decision and any positive outcomes of the Fund. • Not all Councillors spend their allocation, as the onus is on Councillors to seek out organisations which may be in need of support. • The proposed Scheme states that all monies should be spent in each financial year or forfeited which will help to make the Scheme as simple as possible • Community Groups that 'shout the loudest' are often responded to the most, which raises concerns regarding equitability of the Scheme • The administration of Schemes elsewhere appear to be resource heavy, it is estimated that officer time to administer the proposed Scheme at Northampton equates to 0.07 		

General Fund MTP Option Descriptions

FTE – drawing from resources from Finance, Chief Executive’s Office and Political Assistants.

- Community Groups may have:
 - Lack of experience of applying for funds.
 - Lack of understanding what the funds are for.
 - Lack of understanding/clarity of what the funds are available for.

Mitigation

Councillor Community Fund Scheme for Borough Councillor - The Corporate Communications Team to be asked to assist in generating positive publicity for the Scheme and promote examples of projects the Scheme has funded. Political Assistants, in collaboration with the Corporate Communications Team, assist Councillors in communicating how they have spent their Funds.

Not all Councillors spend their allocation - The Voluntary and Community Sector Forum has offered to promote the Scheme through its network which should generate interest in local groups contacting their ward Councillors for potential funding through the Scheme.

Community Groups that ‘shout the loudest’ are often responded to the most – The promotion of the Scheme through the Voluntary and Community Sector Forum should help to promote the Scheme amongst all Community Groups within that network. The need to evaluate the Scheme on a regular basis is recognised by methods such as an Annual Survey to all those who received funds. Details could be reported in an Annual Report.

Community Groups lack of experience and understanding - the Voluntary and Community Sector Forum feel that Groups within its network may require assistance in completing application forms and contacting their local ward Councillor. An annual event promoting the Scheme will be useful in promoting its value to local Groups and organisations.

The administration of Schemes elsewhere appear to be resource heavy - Required resources could be split as follows, which will not put the burden upon one department:

- **Political Assistants:** Provide support and advice to Councillors in completing forms and obtaining feedback for monitoring and reporting purposes (approximately 55 hours per year total)
- **Chief Executive’s Office:** Review and approve applications (including referring them back to the Councillor and Political Assistant if further information is required), provide support and advice to any Group that does not have a Political Assistant and compile the quarterly and annual reports (approximately 55 hours per year)
- **Finance:** Processing and issuing cheques for payment (approximately 22.5 hours per year)

Key consequences/risks of not delivering the proposal (*Growth items only*):

The commitment of the Administration to develop *Councillor Community Fund Scheme for Borough Councillors* will not be met.

The Scheme will enable Councillors to respond to local needs in their wards and support projects or activities for the benefit of the communities which they represent. Without the introduction of such a Scheme, Councillors will not be able to support such projects.

General Fund MTP Option Descriptions

MTP Title/Ref:	Funding for the cost of the delivery of Northampton Waterside Enterprise Zone	
Directorate: Planning & Regen	Department:	
Budget	Growth	
Budget Increase 2012/13	£430,000	
Budget Increase 2013/14	£185,000	
Budget Increase 2014/15	£185,000	
Brief Description:		
<p>Following Government approval of the Northampton Waterside Enterprise Zone in August 2011, NBC has started to plan the successful delivery of the Zone on behalf of SEMLEP. Whilst delivery costs need to be discussed by the SEMLEP Board, NBC as the delivery vehicle needs to ensure it has the right skills and resources to enable a positive start. If it does not, then it runs of the risk of under delivery at the expense of investments in other areas and enterprise zones.</p> <p>The amount requested is a conservative estimate of what would be required.</p> <p>This would be funded initially from the New Homes Bonus reserve, but it is anticipated that this funding would be repaid from additional revenue from National Non Domestic Rates (NNDR) or its replacement as and when funding streams are received from new businesses in the enterprise zone.</p>		
Key consequences/risks of delivering the proposal: N/A		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
Not delivering the EZ project would have a major impact on reputation locally, regionally and nationally. Failure to deliver new investment, 1000's of new jobs, and loss of business uplift.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
N/A		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? – N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? – N/A		

General Fund MTP Option Descriptions

MTP Title/Ref:	Increases in planned maintenance survey budget to match volume of work.	
Directorate: Planning & Regen	Department:	
Budget	Growth	
Budget Increase 2012/13	£50,000	
Budget Increase 2013/14	£50,000	
Budget Increase 2014/15	£50,000	
Brief Description:		
There has been an historic demand for planned maintenance work that has not been carried out due to budget limitations which has resulted in consequential demands on the reactive works budget and greater costs as a result. Inadequate spend over time on capital renewals and refurbishments has led to failures. The overall standard of property maintenance needs to be improved. This budget increase will contribute in part to the cost of works identified in the 2007-11 condition survey.		
Key consequences/risks of delivering the proposal: - N/A		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
Maintenance backlog increases with extra pressure for reactive maintenance and failures. High risk of increased costs as back log builds and diminution of asset		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
N/A		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ N/A		
How will the actual impact on people with protected characteristics be measured?		
N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? – N/A		

General Fund MTP Option Descriptions

MTP Title/Ref:	Neighbourhood Planning Budget for support arising from localism bill	
Directorate: Planning & Regen	Department:	
Budget	Growth	
Budget Reduction 2012/13	£30,000	
Budget Reduction 2013/14	£30,000	
Budget Reduction 2014/15	£30,000	
Brief Description:		
<p>This is an additional statutory duty imposed through the Localism Act for which there is no provision in the existing budget. This will allow the department to support the preparation of three neighbourhood plans in 2012/13. This budget will be supported through the CLG front runner project with a grant of £20,000 per plan. This budget will be re-assessed for the 2013/14 budget in the light of experience, emerging Regulations and any future grants.</p> <p>This would be funded from the New Homes Bonus Reserve.</p>		
Key consequences/risks of delivering the proposal: N/A		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
The Council will fail to support communities sufficiently as required by the Localism Act.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No. Neighbourhood plans have to conform to the higher order plans, which are subject to full EqIA's. Each neighbourhood plan will also have to be accompanied by a full EqIA.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? – N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/		
This will enable the Council to support local communities who wish to prepare their own plans in accordance with the provisions of the Localism Act.		
How will the actual impact on people with protected characteristics be measured?		
Through full EqIA's for each individual neighbourhood plan.		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? – N/A		

General Fund MTP Option Descriptions

MTP Title/Ref:	Impact of transfer of regaining planning powers from WNDC	
Directorate: Planning & Regen	Department: Planning	
Budget	Saving/ Growth	
Budget Reduction 2012/13	£52,230	
Budget Reduction 2013/14	£52,230	
Budget Reduction 2014/15	£52,230	
Brief Description:		
This is required as a result of legislative change to enable the Council to perform its statutory duties as local planning authority under the TCP Act following the transfer of Planning Powers from WNDC from 1 st April 2012.		
Key consequences/risks of delivering the proposal: - N/A		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
<p>The Council will have insufficient staff resources to undertake its statutory duties without a significant and deleterious impact on performance and reputation without an increase in staff numbers and expertise. The transfer of staff to the authority will be undertaken as part of the agreed transfer arrangements with DCLG under COSOP rules.</p> <p>The total cost of £237,230 is off-set by an estimated increase in planning application fees of £175,000. This is an estimate of the increase in fees likely to occur in 2012/13 based on the current forecast for fee income for WNDC in 2011/12, together with the possibility of a non-discretionary increase in planning application fees due to changes in the statutory fee regulations. The risk is that this level of fee may not be achievable due to the current economic circumstances continuing to depress the demand for new development, or that the Government may not increase fees from April 2012. It is anticipated that there will be 6 posts in total.</p>		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No. This is an administrative transfer of a statutory function from one public body to another. The current fee regulations make provision for exemption for some categories of people with protected characteristics. This will not change.		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
There was a full public consultation undertaken by the Government in 2009/10.		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? – N/A		
Are there any alternative ways of delivering this level of saving with less/no impact		

General Fund MTP Option Descriptions

on people with protected characteristics? – N/A

MTP Title/Ref:	Creation of a hardship fund to assist people defray costs of rat control	
Directorate: Env & Culture	Department: Public Protection	
Budget	Growth	
Budget Reduction 2012/13	£40,000	
Budget Reduction 2013/14	£40,000	
Budget Reduction 2014/15	£40,000	
Brief Description:		
<p>This option would create a hardship fund to assist residents in Northampton whose financial position makes it difficult to cover the cost of this service. The fund will be managed by the Public Protection Service but will be provided a commercial partner appointed through a tender process.</p> <p>It is proposed overview and scrutiny are asked to develop an appropriate scheme that identifies the criteria against which the allocation of funds will be made to customers applying to the fund.</p>		
Key consequences/risks of delivering the proposal:		
That the fund will be insufficient to meet need.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
Public and councillors will be disappointed that an issue that many consider to be important will not be met.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated?		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/		
A hardship fund will assist the most economically disadvantaged members of our communities		
How will the actual impact on people with protected characteristics be measured?		
Through service monitoring		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No		

General Fund MTP Option Descriptions

MTP Title/Ref:	Vat increase on parking income (2.5%)	
Directorate: Env & Culture	Department: Town centre Operations	
Budget	Saving/ Growth	
Budget Reduction 2012/13	£97,000	
Budget Reduction 2013/14	£97,000	
Budget Reduction 2014/15	£97,000	
Brief Description: In his 2010 Emergency Budget the Chancellor announced an increase in the standard rate of VAT from 17.5 per cent to 20 per cent, effective from 4 January 2011. For practical reasons a decision was taken not to pass the increase on to car park users and to instead absorb the increase. This pressure however was not taken account of in the 2011/12 budget in relation to its impact on car parking income and therefore will lead to a projected budget shortfall. This growth bid is to cover the VAT increase impact in future years, which is calculated at £97k per year.		
Key consequences/risks of delivering the proposal: - N/A		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): The car park budget will be overspent.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? N/A		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No		

General Fund MTP Option Descriptions

MTP Title/Ref:	Car park Standardisation	
Directorate: Env & Culture	Department: Town centre Operations	
Budget	Saving/ Growth	
Budget Reduction 2012/13	(£160,000)	
Budget Reduction 2013/14	(£160,000)	
Budget Reduction 2014/15	(£160,000)	
Brief Description:		
<p>The council's car parks are currently designated as either 'Premier' or 'Standard'. Whilst the majority of car parks are designated 'premier', seven car parks (Chalk Lane, Doddridge Street, Marefair, Horsemarket, Market Street, Melbourne Street and Midsummer Meadow) are designated 'standard'</p> <p>Standard car parks (599 spaces) account for 11.8% of the total parking spaces (5070) in the town. They are located very close to the town centre but have the same facilities and benefits as our premier car parks, but for historic reasons they are around 25% cheaper than other town centre car parks.</p> <p>The purpose of this proposal is to achieve greater fairness in car park charging and remove the incentive to park on the fringes of the town centre and to encourage people into the heart of the town to support the town's retail offer.</p> <p>This proposal will bring all Council car park charges into line in a bid to standardise prices, making them more straightforward and fairer for customers. It will also mean that the reduced parking charges that were introduced in October will now apply.</p> <p>Whilst this may lead to some customers of Standard car parks transferring to those car parks currently designated Premier (due to location) this will enable any under-utilisation of car parks to be closely monitored and alternative uses for sites to be identified.</p>		
Key consequences/risks of delivering the proposal:		
The key risk is that the very positive message that reducing car park charges in premier car parks will be completely undermined.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): N/A		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. - No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A		
How will the actual impact on people with protected characteristics be measured? - N/A		

General Fund MTP Option Descriptions

Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? – No

MTP Title/Ref:	Free Parking Policy change from October 2011
Directorate: Env & Culture	Department: Town centre Operations
Budget	Growth
Budget Reduction 2012/13	£528,000
Budget Reduction 2013/14	£528,000
Budget Reduction 2014/15	£528,000
Brief Description:	
<p>From October 2011, free and reduced price car parking was introduced in premier car parks, as follows:</p> <ul style="list-style-type: none"> • Free one hour car parking and a 40p reduction for the 2nd hour in the 3 POF premier car parks: • Reduced car parking charges of 20p for the first hour (where one hour charges apply) and 40p for the second hour in all other town centre premier car parks. • Free Sunday car parking in all town centre premier car parks. <p>The cost implications of these changes have been estimated at £442,000. This growth bid also includes a request for additional funding to cover the underlying downturn income estimated at £86k, arising from reduced footfall in the town centre, associated with the economic downturn.</p>	
Key consequences/risks of delivering the proposal:	
Budget will not be overspent.	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):	
Budget will be overspent.	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.	
No	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? - N/A	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ - N/A	
How will the actual impact on people with protected characteristics be measured?	
N/A	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - N/A	

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HRA MTP Growth Options List

Directorate	MTP Option Description	Value		
		12/13	13/14	14/15
Housing	Under Occupation Scheme	117,000	149,500	169,000
	Rent Accounting & Systems Support Project Management & Training Officer Posts	66,778	69,216	71,281
	Annual report to tenants, legal requirement, no existing budget	15,000	15,000	15,000
	Revise repairs handbook and new Tenants Handbook	40,000	0	0
	Revenue support for Decent Homes	75,000	75,000	75,000
	Costs to cover the procurement of a new service of cleaning flats	25,000	0	0
	Costs to cover a new service of cleaning flats	390,000	390,000	390,000
	Service charge income to cover the new service of cleaning flats	(390,000)	(390,000)	(390,000)
	Communal area improvements	150,000	150,000	150,000
	Open Mobile ongoing costs	40,000	40,000	40,000
Increased vehicle leasing costs	46,500	62,000	62,000	
Overall Total		575,278	560,716	582,281

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Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Under Occupation Scheme
Directorate: Housing HRA	Department: Housing HRA
Budget	Growth
Budget Reduction 2012/13	£117,000
Budget Reduction 2013/14	£149,500
Budget Reduction 2014/15	£169,000
Brief Description: Tenants are given £500 for each spare bedroom that they give up and £300 towards removals.	
Key consequences/risks of delivering the proposal: This project will assist customers with freeing up urgently needed family accommodation by moving to smaller accommodation. Over the last 12 months over 100 under-occupiers have taken advantage of this initiative and moved to smaller accommodation. The vast majority of these family properties that have been made available have been allocated to homeless households living in expensive and inappropriate temporary accommodation. This has then led to substantial budget reductions in the use of temporary accommodation.	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): Increase use of expensive temporary accommodation for homeless households; increase impact of customers due to the proposed welfare reform changes due to the reduction in Housing Benefit for customers of working age who are under-occupying properties. Not delivering the Social Mobility Vanguard initiative for the Department of Communities and Local Government that Northampton Borough Council has been selected to pilot.	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? No	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? None identified	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ Promotes equality and re-housing solutions for all sections of society	
How will the actual impact on people with protected characteristics be measured? Through performance related targets.	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No	

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Rent Accounting & Systems Support Project Management & Training Officer Posts	
Directorate: Housing HRA	Department: Housing HRA	
Budget	Growth	
Budget Reduction 2012/13	£66,788	
Budget Reduction 2013/14	£69,216	
Budget Reduction 2014/15	£71,281	
Brief Description: Additional staff to help deliver the Capital Programme and support existing and future Module implementation for IBS.		
Key consequences/risks of delivering the proposal: The consequences of delivering this proposal will be huge. It will ensure that Future modules within IBS can be properly resourced and project managed, new modules will also mean new skills for a lot of the work force in the Housing Directorate, and the ability to provide this training in-house, will not only save time, but save money in the long run by not having to source outside support to train our own staff. Future VFM and ways of working stemming out of the Localism Act and the Welfare Reform Bill will mean significant changes to the systems we operate with currently. The response to these changes will be positive steps and allow the Housing Directorate to move with the times.		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): If this proposal is not delivered, then the current capacity issues the Rent Accounting & Systems team face will be exacerbated even further. The issues faced with recruitment and recent staff leaving will mean that most Service Areas within the Housing Directorate will receive a reduced service and this will impact on their abilities to perform their functions to the best of their abilities. Examples of issues that may arise will be: <ul style="list-style-type: none"> • Lack of training could mean new staff and existing staff will not have the right skills to use the systems to enable them to do their job. • Lack of project management support will mean that new work and existing work will not be managed properly and project timescales will slip • Reports that have to be provided by the Systems team to enable other service areas to manage performance, and report corporately on the P+ system as well as send data to Government departments on a regular basis will be severely impacted upon, as current staffing levels are having to focus on project management and training issues, which is diverting their attention away from reporting responsibilities and supporting other service areas. 		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? N/A		

Housing Revenue Account MTP Option Descriptions

<p>How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/</p> <p>The MTP itself does not further the Equalities Duties of the Council, but merely will ensure they are adhered to as part of any future recruitment process to appoint the additional resource that is being requested.</p>
<p>How will the actual impact on people with protected characteristics be measured?</p> <p>N/A</p>
<p>Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?</p> <p>N/A</p>

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Annual report to tenants, legal requirement, no existing budget
Directorate: Housing	Department: Housing HRA
Budget	Growth
Budget Growth 2012/13	£15,000
Budget Growth 2013/14	£15,000
Budget Growth 2014/15	£15,000
Brief Description: Design, printing and despatch of annual report to tenants	
Key consequences/risks of delivering the proposal: No risks identified. This is a statutory requirement	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): This is a statutory requirement. Risks of failing to follow a statutory requirement are reputation loss, possible complaints and Ombudsman involvement, potential questions and further intervention by the Tenants Services Authority.	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. None identified	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? N/A	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? Tenants consulted over report – tenant editorial group	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ It makes available to tenants on performance and activities of the Council as their landlord.	
How will the actual impact on people with protected characteristics be measured? Satisfaction survey on what people think about the annual report	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No	

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Revise repairs handbook and new Tenants Handbook	
Directorate: Housing	Department: Housing HRA	
Budget	Growth	
Budget Growth 2012/13	£40,000	
Budget Reduction 2013/14	0	
Budget Reduction 2014/15	0	
Brief Description:		
Revision and updating of repairs manual which helps tenants report repairs accurately, leads to better diagnosis, and repairs completed more quickly as the fault is identified correctly in advance of the tradesman arriving at the property Updating of Tenant Handbook – with new numbers and up to date details of recent legislative changes.		
Key consequences/risks of delivering the proposal:		
See above		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
We are running out of supplies. Telephone numbers have not been updated. This aids correct diagnosis and without this there is a risk that the repair will be incorrectly diagnosed, leading to delays and reduced tenant satisfaction. Tenants need to know the details of their tenancy conditions so they can be fully aware of what to expect from their landlord and to also understand what the Council as their landlord expects of them.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
None identified		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated?		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
Repairs EIA		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/		
Handbook uses pictures to help tenants identify repairs so will be important to those whose first language is not English or who do not reading skill needs.		
How will the actual impact on people with protected characteristics be measured?		
Tenant feedback		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		
None		

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Revenue support for Decent Homes
Directorate: Housing	Department: Housing HRA
Budget	Growth
Budget Growth 2012/13	£75,000
Budget Growth 2013/14	£75,000
Budget Growth 2014/15	£75,000
Brief Description: Revenue costs for additional surveying and post inspection for the Decent Homes programme. This is necessary to deliver next year's capital programme of £10m in 2012/13, £18, in 2013/14 and £35m in 2014/15	
Key consequences/risks of delivering the proposal: This supplements the £49m backlog funding grant from DCLG and will make all properties decent by March 2015	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): The decent homes budget will not be spent on time as there will be insufficient resources for inspecting and surveying.	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. None identified	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? N/A	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? N./A	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ Some decent homes work included showers and bathroom changes for people with a disability.	
How will the actual impact on people with protected characteristics be measured? Tenant feedback forms	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No	

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Costs to cover the procurement of a new service of cleaning flats	
Directorate: Housing	Department: Housing HRA	
Budget	Growth	
Budget Growth 2012/13	£25,000	
Budget Reduction 2013/14	0	
Budget Reduction 2014/15	0	
Brief Description:		
It is planned, subject to consultation, to extend the cleaning of flats with communal areas to those flats that do not currently receive a service. These costs are costs to carry out the consultation and tender preparation		
Key consequences/risks of delivering the proposal:		
Existing resources are insufficient to facilitate this work		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
It will not be possible to do the work necessary to prepare the specifications and carry out the tendering of the work.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
None identified		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
This budget is for a resource to carry out the project – this will follow as part of the project		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/		
None identified		
How will the actual impact on people with protected characteristics be measured?		
Tenant feedback		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics?		
No		

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Costs to cover a new service of cleaning flats	
Directorate: Housing	Department: Housing HRA	
Budget	Growth	
Budget Growth 2012/13	£390,000	
Budget Growth 2013/14	£390,000	
Budget Growth 2014/15	£390,000	
Brief Description:		
<p>Cleaning will be extended to flats that currently do not receive a service, subject to consultation with tenants. Costs would be paid for via a service charge and this needs to be reflected in the budget. Overall cost to HRA is cost neutral as costs would be paid by those who receive the new service.</p> <p>This is the budget for the costs to be paid – it will be offset by an increased income budget. This needs to be read in conjunction with the MTP for the income.</p>		
Key consequences/risks of delivering the proposal:		
Communal areas will be cleaned regularly		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>):		
Areas remain uncleaned, some of which are not in good condition		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain.		
No		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics?		
Consultation with tenants		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/		
None identified		
How will the actual impact on people with protected characteristics be measured?		
Tenant feedback		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - No		

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Service charge income to cover the new service of cleaning flats	
Directorate: Housing	Department: Housing HRA	
Budget	Income	
Budget Growth 2012/13	(£390,000)	
Budget Growth 2013/14	(£390,000)	
Budget Growth 2014/15	(£390,000)	
Brief Description: This is the budget for increased service charge income. Cleaning will be extended to flats that currently do not receive a service, subject to consultation with tenants. Costs would be paid for via a service charge and this needs to be reflected in the budget. Overall cost to HRA is cost neutral as costs would be paid by those who receive the new service. This needs to be read in conjunction with the MTP for the costs		
Key consequences/risks of delivering the proposal: Communal areas will be cleaned regularly		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): Areas remain uncleaned, some of which are not in good condition		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. None identified		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? Consultation with tenants		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ None identified		
How will the actual impact on people with protected characteristics be measured? Tenant feedback		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? - No		

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Communal area improvements	
Directorate: Housing	Department: Housing HRA	
Budget	Growth	
Budget Growth 2012/13	£150,000	
Budget Growth 2013/14	£150,000	
Budget Growth 2014/15	£150,000	
Brief Description: The capital programme includes £200k for capital improvements to communal areas. This budget is for the revenue works that will also be necessary. Communal areas are stairs, landings, entrance halls, and corridors: decorating, new flooring, lighting etc needs to be addressed. Not all costs can be capitalised.		
Key consequences/risks of delivering the proposal: Communal areas will be improved		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): Capital budget will not be spent in its entirety and communal areas will not be improved.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. None identified		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? Tenant annual survey information used and consultation on communal area surveys		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ None identified		
How will the actual impact on people with protected characteristics be measured? Tenant feedback		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No		

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Open mobile ongoing costs
Directorate: Housing	Department: Housing HRA
Budget	Growth
Budget Increase 2012/13	£40,000
Budget Increase 2013/14	£40,000
Budget Increase 2014/15	£40,000
Brief Description: Open Mobile is being introduced so that the use of paper job tickets will no longer be necessary. Tradesmen will have an electronic hand held device instead. These costs are line rental and data transfer costs using the Council's contract with the mobile supplier.	
Key consequences/risks of delivering the proposal: More efficient systems and an increase in productivity	
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): Open Mobile will not be able to be used	
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. None identified	
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? - N/A	
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? Trial using a sample of tradesmen and repairs over a 6 month period	
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ None identified	
How will the actual impact on people with protected characteristics be measured? Employee feedback	
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No	

Housing Revenue Account MTP Option Descriptions

MTP Title/Ref:	Increased vehicle leasing costs	
Directorate: Housing	Department: Housing HRA	
Budget	Growth	
Budget Increase 2012/13	£46,500	
Budget Increase 2013/14	£62,000	
Budget Increase 2014/15	£62,000	
Brief Description: The Council's DLO vehicle fleet was procured in 2003 and the contracts cannot be extended further. A new contract is being procured but prices will be greater than those obtained in 2003.		
Key consequences/risks of delivering the proposal: A new fleet of vehicles for the DLO		
Key consequences/risks of not delivering the proposal (<i>Growth items only</i>): Procurement regulations will be breached – the contract cannot be extended again.		
Does the Equalities Impact Assessment/Screening identify any negative impacts or risk of negative impacts on people with protected characteristics? If yes, explain. None identified		
If your Assessment/Screening does identify risk of negative impacts on people with protected characteristics, how can these be mitigated? – N/A		
How were stakeholders engaged to assess the risk of a negative impact on people with protected characteristics? Consultation with employees		
How does this MTP further the aims of the Public Sector Equalities Duty? (<i>Growth items only</i>) http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/introduction-to-the-equality-duty/ None identified		
How will the actual impact on people with protected characteristics be measured? Employee feedback		
Are there any alternative ways of delivering this level of saving with less/no impact on people with protected characteristics? No		

Draft Capital Programme 2012-13 to 2014-15 - General Fund

Reference Number	Project Title		2012-13	2013-14	2014-15	Scheme Total	Cumulative Capital Receipts Funding
		Note	£	£	£	£	£
Self-funded (will only go ahead if savings proven)							
2012-13/GF02	Technology Refresh (technical transfer from leasing)	1	162,000			162,000	
2012-13/GF31	Central Museum - Boiler Replacement	2	35,000			35,000	
2012-13/GF30	Water Hygiene - Monitoring Improvements	2	82,000			82,000	
			279,000	0	0	279,000	
Funded from Grant/Corporate Borrowing							
2012-13/GF03	Disabled Facilities Grant	3	1,475,000	1,475,000	1,475,000	4,425,000	
2012-13/GF05	Bus Interchange, including enabling works	4	6,386,000	1,500,000		7,886,000	
			7,861,000	2,975,000	1,475,000	12,311,000	
Schemes funded from Capital Receipts - in Priority Order							
2012-13/GF19	Delapre Abbey Restoration - Phase 2		100,000			100,000	100,000
2012-13/GF20-22	Urgent Lift renewals		181,500			181,500	281,500
2012-13/GF01	Microsoft Office 2010 Upgrade/Rollout		195,200			195,200	476,700
2012-13/GF08	Renovation of Commercial Property		230,000			230,000	706,700
2012-13/GF10	Corporate Property - Improvements & renewals		200,000			200,000	906,700
2012-13/GF13 (1)	Guildhall Renewals - Phase 2 - Stonework Facia		68,000			68,000	974,700
2012-13/GF13 (2)	Guildhall Renewals - Phase 2 - Rooflights Replacement		5,000			5,000	979,700
2012-13/GF13 (3)	Guildhall Renewals - Phase 2 - Roof - Mayor's Parlour/Court room		59,000			59,000	1,038,700
2012-13/GF17 (1)	Community Centres - Standens Barn Structure		15,000			15,000	1,053,700
2012-13/GF12 (1)	Water Management Works - Abington Park Brook		35,000			35,000	1,088,700
2012-13/GF27 (1)	Investment Property - Hazelwood Road Window renewals		15,000			15,000	1,103,700
2012-13/GF27 (2)	Investment Property - Home Farm Window renewals		20,000			20,000	1,123,700
2012-13/GF27 (3)	Investment Property - Dychurch Lane restaurant roof		40,000			40,000	1,163,700
2012-13/GF27 (4)	Investment Property - External Joinery/roof elements		25,000			25,000	1,188,700
2012-13/GF15	Mounts Baths roof covering renewal		150,200			150,200	1,338,900
2012-13/GF35	Allotment Provision		100,000			100,000	1,438,900
2012-13/GF12 (2)	Water Management Works - Sheffleys Lake outlets		25,000			25,000	1,463,900
2012-13/GF12 (3)	Water Management Works - August Drive culvert		15,000			15,000	1,478,900
2012-13/GF12 (4)	Water Management Works - Duston Mill Reservoir		10,000			10,000	1,488,900
			1,488,900	0	0	1,488,900	
Total Proposed Programme		5	9,628,900	2,975,000	1,475,000	14,078,900	
Reserve List - Ranked by Priority							
2012-13/GF28	Parks Infrastructure (Upper Abington Park Toilets)		65,000			65,000	1,553,900
2012-13/GF32	Improvements to General Fund Housing Properties		60,000			60,000	1,613,900
2012-13/GF12 (5)	Water Management Works - Eastfield Park land drainage		30,000			30,000	1,643,900
2012-13/GF17 (2)	Community Centres - External Joinery		15,000			15,000	1,658,900
2012-13/GF17 (3)	Community Centres - Southfields Car Park Resurfacing		20,000			20,000	1,678,900
2012-13/GF12 (6)	Water Management Works - unforeseen works		85,000			85,000	1,763,900
2012-13/GF16 (1)	Cemeteries - Towcester Road Boundary Wall		14,500			14,500	1,778,400
2012-13/GF16 (2)	Cemeteries - Towcester Road Internal Roadway		19,000			19,000	1,797,400
2012-13/GF16 (3)	Cemeteries - Towcester Rd - Footpath to Sikh Burial Ground		7,000			7,000	1,804,400
2012-13/GF16 (4)	Cemeteries - Dallington Footpath Overlay		9,500			9,500	1,813,900
2012-13/GF07	Abington Park Railings		10,000			10,000	1,823,900
2012-13/GF18	Westbridge Depot - Insulation of external walls		35,000			35,000	1,858,900
2012-13/GF25	Corporate Property (St Johns) Air Conditioning Renewals		33,843	25,820		59,663	1,892,743
2012-13/GF34	Leisure Centre Air Conditioning Renewals		50,890	24,481		75,371	1,943,633
2012-13/GF20	Corporate Lifts Renewals - excluding urgent H&S		230,000			230,000	2,173,633
2012-13/GF21	Guildhall Lifts Renewals - excl urgent H&S		125,000			125,000	2,298,633
2012-13/GF22	Leisure Centre Lift Renewals - excluding urgent H&S		87,500			87,500	2,386,133
Total Reserve List			12,597,233	3,025,301	1,475,000	17,097,534	
Grand Total - all bids			22,226,133	6,000,301	2,950,000	31,176,434	

Notes:

- 1) Borrowing costs funded by existing leasing budgets - borrowing is more cost effective, enables equipment lives to be lengthened
- 2) Schemes generate revenue savings, energy costs for boilers and staff in relation to water hygiene monitoring.
- 3) Funded partly by government grants (£475k), remainder by borrowing.
- 4) Funded from WNDG grant and NCC (£4.886m), remainder by borrowing. This borrowing can be funded by anticipated income from associated retail developments and/or associated capital receipts. Up to £3m approved by Cabinet 23/11/11.
- 5) Schemes may be added from reserve list as further capital receipts become available.

Draft Capital Programme 2012-13 to 2014-15 - HRA

Reference Number	Project Title	2012-13	2013-14	2014-15	3-Year Total
		£	£	£	£
2012-13 HRA001	Decent Homes	10,000,000	18,000,000	35,000,000	63,000,000
2012-13 HRA002	CESP	750,000	0	0	750,000
2012-13 HRA003	Structural Improvements	400,000	400,000	400,000	1,200,000
2012-13 HRA004	Heating replacements (responsive)	500,000	500,000	300,000	1,300,000
2012-13 HRA005	Asbestos removal remedial action	100,000	100,000	100,000	300,000
2012-13 HRA006	Voids	1,000,000	1,000,000	750,000	2,750,000
2012-13 HRA007	Door entry replacement	90,000	100,000	200,000	390,000
2012-13 HRA008	Kitchens	200,000	200,000	100,000	500,000
2012-13 HRA009	Planned Heating Replacements	700,000	500,000	400,000	1,600,000
2012-13 HRA010	Reroofing	400,000	200,000	200,000	800,000
2012-13 HRA011	Windows and doors replacement (outside Decent Homes programme)	30,000	30,000	30,000	90,000
2012-13 HRA012	Electrical periodic works	125,000	125,000	125,000	375,000
2012-13 HRA013	Capital Improvements (fencing, frozen pipe prevention)	300,000	100,000	75,000	475,000
2012-13 HRA014	Garage roofs, doors and forecourts	40,000	40,000	100,000	180,000
2012-13 HRA015	Minor adaptations	140,000	140,000	140,000	420,000
2012-13 HRA016	Environmental enhancements	140,000	200,000	200,000	540,000
2012-13 HRA018	Estate regeneration (paths, boundary walls, parking areas and other similar projects)	150,000	150,000	1,000,000	1,300,000
2012-13 HRA019	Fire safety in communal areas	150,000	75,000	75,000	300,000
2012-13 HRA020	Disabled adaptations	1,000,000	1,000,000	1,000,000	3,000,000
2012-13 HRA021	Sheltered housing improvements	1,000,000	1,000,000	1,000,000	3,000,000
2012-13 HRA022	IT capital	200,000	200,000	200,000	600,000
2012-13 HRA023	Walkways	100,000	100,000	100,000	300,000
2012-13 HRA024	Communal area upgrade	200,000	200,000	200,000	600,000
2012-13 HRA025	Green deal contribution & energy efficiency	0	100,000	100,000	200,000
	Total	17,715,000	24,460,000	41,795,000	83,970,000

Project Title IT Infrastructure - Servers and Network Storage

Appraisal Reference Number 2012-13/GF02

2012/13	2013/14	2014/15
162,000	0	0

Outline description of the project, including specific works to be undertaken.

IT infrastructure that includes servers, network storage, fibre switches and other hardware to the value of £162,000 is due to be replaced in the financial year 2012-2013. The items comprise of 21 servers, a Storage Area Network (SAN) and a tape library. After the hardware is purchased leasing companies will be contact but in the past they have been reluctant to offer terms of more than 3 years. As the council wishes to keep the items for longer than three years the best value for money option is to purchase from capital and to fund through prudential borrowing. The cost of borrowing will be met from the IT leasing budget, which will be vired across to debt financing budget to fund the borrowing costs.

Statutory duty or other legal commitments - N/A

Objectives, Consequences and Urgency

a)Project Deliverables:

This project will help the council to maintain its IT infrastructure as planned.

b)Consequences of not undertaking the project:

Failure to invest in these upgrades will gradually reduce operational effectiveness with which the council can use its IT systems. It will not be possible to take advantage of upgrades to current key IT business systems. Support for obsolete hardware will reduce to zero. Maintenance costs will increase.

c) Urgency of project and key milestones

This is an ongoing project to keep the IT infrastructure up to date to support the council's IT applications.

b) Consequences of not undertaking the project

Potential failure of meeting statutory compliance due to reliance of timely monthly monitoring currently undertaken manually by contractors. No ability to constantly monitor and hence no early warning of potential increased risk due to time period between monitoring visits. Failure to comply is a criminal offence that could result in unlimited fines for the Council and possibly fines and imprisonment for individuals found to be individually culpable

c) Urgency of project and key milestones

The works are necessary to be undertaken as soon as possible to negate the potential risk of failing to meet statutory monitoring requirements and also provide a more robust system to manage Legionella risk.

Project Title **Disabled Facilities Grant**

Appraisal Reference Number **2012-13/GF03**

2012/13	2013/14	2014/15
1,475,000	1,475,000	1,475,000

Outline description of the project, including specific works to be undertaken.

This project outlines the Mandatory requirements to fund Disabled Facilities Grants placed upon Northampton Borough Council

Statutory duty or other legal commitments

Disabled Facilities Grant's are a mandatory grant for customers who are disabled and living in the owner occupied sector

Objectives, Consequences and Urgency

a) Project Deliverables

Improved quality of life and reduced pressures placed on the revenue budgets of the Council.

b) Consequences of not undertaking the project

Legal challenges, reputational risk, increased costs associated with re-housing, increase in falls and ill health in Northampton

c) Urgency of project and key milestones

Give brief details and justification of the time span and describe the key points of timely delivery and give the dates by which these will be achieved. There are over 500 households waiting for Disabled Facilities Grant work

Project Title **Bus Interchange**

Appraisal Reference Number **2012-13/GF05**

2012/13	2013/14	2014/15
6,386,000	1,500,000	0

Outline description of the project, including specific works to be undertaken.

A Bus Interchange will ensure better access into the town, unlock private sector investment and enable delivery of significant regeneration of the town centre with a mixed use development and retail centre. This will encourage the wider economic development and growth in jobs and visitors. The Northampton Bus Interchange Report was undertaken by MGWSP in June 2011 and costs are taken from this report. The selected location for the new Bus Interchange is on the current Fishmarket site and will include 12 bays with enclosed waiting accommodation and a further 15 bays along The Drapery. Toilet facilities will be included and good public access to the town. The interchange and covered stops will also be equipped with real time travel information. Funding is required to support the delivery of the bus interchange

Statutory duty or other legal commitments

Give the details of the specific paragraph and section of the statute that this addresses and explain how

Objectives, Consequences and Urgency

a) Project Deliverables

The Bus Interchange will Safeguard 4 jobs in the form of 3 cleaners and 1 manager of the Bus Station. This will then enable the development of the Grosvenor Centre levering in £350,000,000 of private sector investment.

b) Consequences of not undertaking the project

The wider retail project will not progress if the bus interchange is not built, severely restricting the retail offer and economic vitality of the town centre.

c) Urgency of project and key milestones

To ensure that Northampton does not continue to decline, urgent development is needed in the town centre. Aug-Oct - Exchange Stagecoach Agreement. Nov 11 - NBC secures funding and pays Stagecoach to relocate. Dec 11 - Submit planning application for Permanent Bus Interchange. Feb 12 - Start works on Bus Depot, Aug 12 - Start on site permanent Bus Interchange. May 13 New Bus Interchange Opens.

Project Title **Delapre Abbey Restoration - Phase 2**

Appraisal Reference Number **2012-13/GF19**

2012/13	2013/14	2014/15
100,000	0	0

Outline description of the project, including specific works to be undertaken.

Minor restoration projects to Council's priority heritage asset, to protect the fabric and enhance the life of an important listed building of regional significance. Works are likely to include roofing and rainwater goods renewals, external joinery and other external elements to prevent deterioration. Other works are those that would help to improve utilisation of buildings within the complex and help to generate income to support sustainable activity into the future. The works would be tailored to reflect the success, or otherwise of a Heritage Lottery Fund (HLF) bid already made in 2011/12 - the outcome of which is not know at the date of this capital bid submission. No works would be undertaken that might conflict with wider, more substantive works arising from a major multi-million pound HLF funded restoration project.

Statutory duty or other legal commitments

To comply with listed building requirements.

Objectives, Consequences and Urgency

a) Project Deliverables

Outcome will be completion of works of roof renewals and refurbishment to exterior & internal parts

b) Consequences of not undertaking the project

- (1) Deterioration in condition of asset leading to reduction in life and value of asset
- (2) Reputational damage from not maintaining key public asset
- (3) Potential prosecution of the Council for allowing listed building to deteriorate

c) Urgency of project and key milestones

The works are necessary to be undertaken as soon as possible to prevent increased deterioration and damage to the structure/fabric.

Project Title **Urgent Lifts Renewals**

Appraisal Reference Number **2012/13/GF20, GF21 & GF22 (Urgent Health & Safety requirements only)**

2012/13	2013/14	2014/15
181,500	0	0

Outline description of the project, including specific works to be undertaken.

Urgent lift renewals required to cover immediate Health & Safety risks - these are the high priorities extracted from project appraisals GF20, GF21 & GF22 (see later)

Statutory duty or other legal commitments

There are a number of areas where the lifts do not comply with current British and European Standards (which are not retrospective/legislative but highly recommended). The Health & Safety at Work Act 1974, the Provision and Use of Working Equipment Regulations (PUWER) and the Lifting Operations and Lifting Equipment Regulations (LOLER) (which are retrospective/legislative). The lifts as installed do not comply with the Building Regulations for Disabled Use or the Disabled Discrimination Act document EN81-70.

Objectives, Consequences and Urgency

a) Project Deliverables

Outcome will be completion of works of renewal or refurbishment to passenger lifts to provide a further life expectancy of 15 to 20 years including, as far as reasonably practical, the DDA shortfalls.

b) Consequences of not undertaking the project

In order to provide a further life expectancy of 15 to 20 years, a significant modernisation will be required. It must be accepted that reliability will deteriorate with time and will potentially involve extended periods of downtime when faults do occur due to non availability of spare parts. This will potentially mean parts will be required to be manufactured specifically for this site which could also involve considerable cost implications.

c) Urgency of project and key milestones

The project is proposed from recommendations of 2011 Condition Survey to meet minimum Health & Safety standards and recommendations for the minimal investment works, within the next 1-2 years, in order to provide a further life expectancy of 15 to 20 years.

Project Title **Microsoft Office 2010 Upgrade/Rollout**

Appraisal Reference Number **2012/13 GF01**

2012/13	2013/14	2014/15
195,200	0	0

Outline description of the project, including specific works to be undertaken.

Upgrade the existing Microsoft Office (MSO) productivity suite with appropriate upgrade training. Currently the majority of users have MSO2000, support for this product ended in 2009. A small number of users have MSO2003 to overcome limitations of MSO200 or where compatibility with external parties using more up-to-date versions has dictated.

This project will provide a rollout across approx 1070 users of the latest MSO product (2010). The project will be managed by the Technical Support Team Leader and training from the HR section plus a number of 'Super Users' which will be located in departments within NBC.

Statutory duty or other legal commitments - N/A

Objectives, Consequences and Urgency

a) Project Deliverables

This project will maintain the council's desktop Office software at the latest supported level by Microsoft.

b) Consequences of not undertaking the project

No support for technical issues from the supplier Microsoft. Possible incompatibility with future hardware/infrastructure. Unable to work with documents submitted by customers and other third parties using newer versions of the Microsoft Office suite – emails, electronically submitted Word Documents, Spreadsheets, etc. Incompatibility with future versions of line of business applications that rely on integration with MSO products e.g. Northgate Revs&Bens, OpenHousing, etc.

c) Urgency of project and key milestones

The present version of Microsoft Office used by NBC went out of support in 2009.

Project Title **Renovation of Commercial Property**

Appraisal Reference Number **2012-13/GF08**

2012/13	2013/14	2014/15
230,000	0	0

Outline description of the project, including specific works to be undertaken.

Re-roofing and other works to the fabric and services of listed Council owned property to extend life, prevent deterioration of fabric and make fit for use by the general public. Completion of works will provide scope for generation of additional rental income and the transfer of some repairing liabilities to a third party. This work would help to ensure that capital values of property were not further impaired but improved. It would bring vacant and/or poorly utilised, historic council property in the town centre into effective use, supporting key regeneration priorities.

Statutory duty or other legal commitments

Where the buildings are listed the Council has a statutory duty to prevent significant deterioration

Objectives, Consequences and Urgency

- a) Project Deliverables
Refurbished property, safe for public use.
- b) Consequences of not undertaking the project
Further property deterioration and buildings in the town centre remaining unused.
- c) Urgency of project and key milestones
To prevent further deterioration of property.

Project Title Corporate Property - Improvements & renewals

Appraisal Reference Number 2012-13/GF10

2012/13	2013/14	2014/15
200,000	0	0

Outline description of the project, including specific works to be undertaken.

Provision needs to be made for failure of building elements and services 'in year' e.g. boiler plant or major building element. The renewal of such equipment on an 'as and when' basis needs to be met from a defined capital budget. By definition the number and scope of such projects cannot be anticipated, but inevitably the likelihood of failure is increased as a result of the low level of capital funding in previous years.

Statutory duty or other legal commitments

Not currently known, by definition the statutory duty or legal commitment of these projects cannot be anticipated.

Objectives, Consequences and Urgency

a) Project Deliverables

Building and plant failure may impact upon operational services and potential loss of service to customers. Unexpected in year failures can be costly capital items for which an allowance should be made.

b) Consequences of not undertaking the project

If these type of projects are not undertaken, at the point of failure there will be increasing pressure to address the problems associated with the failure of the key building elements/services. This in turn could lead to an increased risk to health and safety of service users and general public where defects arise. It could also lead to the projection of a negative image of the Council.

c) Urgency of project and key milestones

'In year' failures will inevitably require differing levels of urgency to resolve dependent upon the nature of the works required. Time span will be wholly reliant upon nature and impact of the work.

Project Title Guildhall Renewals - Phase 2

Appraisal Reference Number 2012-13/GF13

2012/13	2013/14	2014/15
132,000	0	0

Outline description of the project, including specific works to be undertaken.

Works arising from recommendations of 2011 Condition Survey with a condition rating of poor, showing major defects and/or not operating as intended and a priority rating of urgent works to address a potentially immediate high risk to the health & safety. Renovation of stonework fascia and roof renewals to the Mayors Parlour and Court Room. This is a continuation of further improvements to The Guildhall following completion of 2011/12 capital works under BA194.

Statutory duty or other legal commitments

1. To ensure that deterioration of the stone façade does not present a danger to members of the public.
2. To comply with listed building requirements.

Objectives, Consequences and Urgency

a) Project Deliverables

Outcome will be completion of works of roof renewals and refurbishment to building facade.

b) Consequences of not undertaking the project

- (1) Deterioration in condition of asset leading to reduction in life and value of asset
- (2) Potential dangers from falling masonry

c) Urgency of project and key milestones

The works are necessary to be undertaken as soon as possible to prevent increased deterioration and damage to the structure, as identified by condition survey.

Project Title **Community Centres renewal works**

Appraisal Reference Number **2012-13/GF17**

	2012/13	2013/14	2014/15
Draft Capital Programme	15,000	0	0
Reserve List	35,000	0	0

Outline description of the project, including specific works to be undertaken.

Capital costs relating to external parts and areas of community centres, to support management transfer programme and meet ongoing landlord obligations under leases to be granted to community groups. Examples of work include Car Park re-surfacing and renewals to Standens Barn wall.

Statutory duty or other legal commitments

To maintain the integrity of the property and to meet contractual obligations under leases granted to community organisations

Objectives, Consequences and Urgency

a) Project Deliverables

Outcome will be completion of renewals and refurbishment to building elements.

b) Consequences of not undertaking the project

(1) Deterioration in condition of asset leading to reduction in life and value of asset

(2) Future revenue costs due to obligations of lease liabilities

c) Urgency of project and key milestones

Timescales are based upon the expected life of the elements as reported following inspections. Failure to undertake these works will inevitably increase the probability of future failure and also increase financial pressure in future years

Project Title Water Management Works**Appraisal Reference Number 2012-13/GF12**

	2012/13	2013/14	2014/15
Draft Capital Programme	85,000	0	0
Reserve List	30,000	0	0

Outline description of the project, including specific works to be undertaken.

Funding is required to meet costs of capital improvement and renewal works arising under direct liabilities that NBC has for water management related issues. A programme of watercourse inspections is required and this is likely to reveal the need for new capital expenditure. Statutory inspections of the reservoir under the Reservoir Act are undertaken by an external engineer appointed by the council. Flood defences are inspected with the Environment Agency on a six monthly basis. Again, these may reveal the need for new capital expenditure. Footbridges owned by the Council, but not adopted by NCC remain the responsibility of the Council. A programme of inspections is due to be undertaken and these may reveal the need for replacement and improvements works to a number of bridges. A number of parks currently have water management issues namely, Abington Park, Eastfield Park and Bradlaugh Fields.

Statutory duty or other legal commitments

The project will assist in addressing a statutory duty under the current Reservoirs Act and Draft Flood and Water Management Bill that is intended to clearly define the roles and responsibilities of all bodies involved in flood risk management, giving the lead to local authorities in managing surface water flooding

Objectives, Consequences and Urgency

a) Project Deliverables

The project will address the deterioration of the infrastructure arising from the respective elements reaching the end of the lives. This work will be identified through a programme of condition surveys and regular inspection.

b) Consequences of not undertaking the project

Failure to address water management issues could lead to increased flood risks affecting third party property, which could result in insurance claims against NBC and reputational damage to the Council.

c) Urgency of project and key milestones

A programme of revenue funded stock condition surveys need to be undertaken as a matter of urgency to identify the areas where work is required. There has been no capital budget to support this duty for a number of years. Failure to undertake these works on a rolling programme reflecting priorities will inevitably increase financial pressure in future years.

Project Title Investment Property - Improvements & renewals

Appraisal Reference Number 2012-13/GF27

2012/13	2013/14	2014/15
100,000	0	0

Outline description of the project, including specific works to be undertaken.

Provision needs to be made for renewal and upgrades of elements of investment properties either already let to third parties or vacant to let. Predominantly, this provision is necessary to meet existing contractual liabilities to business tenants in respect of external elements of properties of various types - e.g. roof renewals, window frame replacements. Failure to meet these obligations may expose this Council to claims for loss and will inhibit scope for rental growth at review and renewals. Inability to undertake building renewals and refurbishment works to vacant investment properties will reduce prospects of early re-lettings, reduce rents payable by incoming tenants and expose the Council to larger holding costs (e.g. business rates) whilst void.

Statutory duty or other legal commitments

Existing contractual (lease) obligations would be honoured.

Objectives, Consequences and Urgency

a) Project Deliverables

Building element renewals and improvements completed to protect and enhance asset values. Legal obligations of the Council are met. Scope for rental increases improved. Reduction in reactive 'holding' repairs costs. Improvement in Landlord/Tenant relations.

b) Consequences of not undertaking the project

If these type of projects are not undertaken, it may lead to legal action in some instances by business tenants for breach of landlord obligations. It could also lead to the projection of a negative image of the Council as a poor landlord. The commercial value of the stock would over time be adversely impacted. Void periods before re-lettings may in some instances be longer.

c) Urgency of project and key milestones

Different works at individual properties require differing levels of urgency to resolve dependent upon the nature of the works required. In some cases works have already been deferred for a number of years.

Project Title **New and improved allotment provision**

Appraisal Reference Number **2012-13 GF35**

2012/13	2013/14	2014/15
100,000	0	0

Outline description of the project, including specific works to be undertaken.

New and improved allotment sites - work to include installation of water supplies and water butts, palisade fencing, creation of car parking facilities, land clearance and

Statutory duty or other legal commitments - N/A

Objectives, Consequences and Urgency

- a) Project Deliverables
New improved and or improved allotment provision
- b) Consequences of not undertaking the project
failure to meet manifesto commitment
- c) Urgency of project and key milestones
Not yet available

Project Title **Parks Infrastructure**

Appraisal Reference Number **2012-13/GF28**

2012/13	2013/14	2014/15
65,000	0	0

Outline description of the project, including specific works to be undertaken.

Renewal and upgrade of the existing public toilets at Abington Park Lower, to include full external and internal refurbishment, encompassing, new sanitary ware, toilets, urinals and cutting back of trees to increase visibility and mitigate anti social

Statutory duty or other legal commitments

Objectives, Consequences and Urgency

a) Project Deliverables

The project will address the continuing deterioration created by the recent lack of maintenance (from the limited revenue budget). The project will address the non functional elements of the toilets, to provide a new, working public toilet. The project will enhance the appearance of the facility and will help to promote customer satisfaction with the service whilst contributing to mitigate anti social behaviour within Abington Park.

b) Consequences of not undertaking the project

The cost of continuing repairs will increase year on year if not addressed, creating more pressure on the limited responsive repair budget. The toilets are not performing as intended, and provide an inadequate facility for the public. Potential negative publicity for the council.

c) Urgency of project and key milestones

Failure to address the condition of the existing infrastructure in 2012/13 will incur the council further cost in subsequent years, as the condition of the toilets will worsen in time. It may lead to a projection of a negative image of the council and dissatisfaction with the service.

Project Title Abington Park - Railing removal and decoration of the remaining railings**Appraisal Reference Number****2012-13/GF07**

2012/13	2013/14	2014/15
10,000	0	0

Outline description of the project, including specific works to be undertaken.

Historically, the ornate railings acted as boundary fence for separating grazing areas. The fencing has corroded/deteriorated and in parts is dangerous as components are missing and parts of the fencing has been vandalised. This project will remove areas of fencing that are dangerous and beyond repair. The removed fencing components can be recycled to repair other areas that are damaged but not beyond repair. The remaining fencing will be painted with a suitable paint finish, T.B.A by stakeholders of the council to enhance the appearance of the railings and to stop further deterioration.

Statutory duty or other legal commitments**Objectives, Consequences and Urgency**

a) Project Deliverables

This project is needed due to lack of investment and maintenance. This project will make the park more welcoming and pleasant encouraging more visitors to the park and improving the quality of life for the surrounding population.

b) Consequences of not undertaking the project

The railings are currently seen as unsafe and there is a chance that people could get hurt. This project will remove areas of fencing that are dangerous and beyond repair.

c) Urgency of project and key milestones

This project needs to be undertaken soon due to the state that the current railings are in. Tender/Mobilisation 10 weeks, Physical works on site 6 weeks.

Project Title **Westbridge Depot - Insulation of external walls**

Appraisal Reference Number **2012-13/GF18**

2012/13	2013/14	2014/15
35,000	0	0

Outline description of the project, including specific works to be undertaken.

Westbridge depot has recently been refurbished, received a new heating and ventilation system and had a review of the current insulation. The independent report by a Mechanical and Electrical engineer advises that increasing insulation in the ceiling void and celotex insulation to the external walls will provide many cost and CO2 reduction benefits. Currently there is insignificant insulation in the ceilings (50mm) and walls (25mm if any) which means that more energy is needed to heat and ventilate the building and heat is lost through these elements. Benefits of the project are environmental comfort for employees, reduced energy costs, all measures identified in the energy performance report will be complete and therefore the Council will not be penalised under future carbon reduction measures.

Statutory duty or other legal commitments

Objectives, Consequences and Urgency

a) Project Deliverables

Comfort of staff will be increased, energy usage will reduce and CO2 emissions will reduce. Additionally, recommendations in the Energy Performance Report will all be implemented.

b) Consequences of not undertaking the project

Increase in energy usage. Potential additional costs for local authorities not reducing Carbon Reduction.

c) Urgency of project and key milestones

April 2012 tender and mobilisation - 10weeks, physical works on site 8 weeks starting June complete Aug 2012.

Project Title Corporate Property (St Johns) Air Conditioning Renewals

Appraisal Reference Number 2012-13/GF25

2012/13	2013/14	2014/15
33,843	25,820	0

Outline description of the project, including specific works to be undertaken.

The proposed project is Phase 1 of a programme for the renewal/replacement of air conditioning units to Corporate properties following recommendations of the 2011 Condition Surveys, namely St Johns car park offices and Exeter Place. The systems are operating on R22 refrigerant which is due to be phased out by 31st December 2014 with short term price increases encouraging replacement. R22 remains an ozone depleting refrigerant and the plant is invariably less efficient than a modern equivalent with the consequence being increased carbon emissions. It is anticipated that this will be a phased project over 2 years, to include consideration of alternative solutions, at an estimated total cost of £59,663.

Statutory duty or other legal commitments

Replacement of existing air conditioning units to various corporate properties is required to be undertaken in order to comply with EC Legislation which has outlawed the use of R22 refrigerant that is harmful to the environment. Whilst the timescale for replacement can extend up to 31st December 2014 it is recommended that a phased replacement is commenced in 2012/13 in order to address current problems associated with equipment.

Objectives, Consequences and Urgency

- a) **Project Deliverables**
Outcome will be the renewal/replacement of air conditioning units to remove the use of R22 refrigerant and also provide improved environmental conditions.
- b) **Consequences of not undertaking the project**
Replacement of the units will be necessary when they come to the end of their life. No specific allowance for replacement of these items of plant are currently within any revenue or capital programme. If this project is not undertaken the inevitable failure of the equipment will likely result in leakage of harmful ODS and the Council could also be at risk of prosecution for failing in its obligations under EC Ozone Depleting Substances (ODS) Regulation EC2037/2000.
- c) **Urgency of project and key milestones**
The project is proposed following recommendations of the 2011 Condition Survey to replace the existing units. These are non inverter systems operating with R22 refrigerant which is currently being phased out. Subsequently it would be cost effective to consider replacing these systems with a modern inverter type unit which will be at least 60% more efficient. However, in the event of the project not being delivered in a planned way this will place additional pressure on existing revenue finances.

effective to consider replacing these systems with a modern inverter type unit which will be at least 60% more efficient. However, in the event of the project not being delivered in a planned way this will place additional pressure on existing revenue finances of the Leisure Trust and - indirectly - upon the Council.

Project Title Corporate Lifts Renewals (excluding urgent H&S)

Appraisal Reference Number 2012/13/GF20

2012/13	2013/14	2014/15
230,000	0	0

Outline description of the project, including specific works to be undertaken.

The proposed project is Phase 1 of a programme for the renewal and refurbishment of 10No. lifts at 5 sites, namely: Fish Street (1), St Johns MSCP (4), St Michaels MSCP (2), 3-7 Hazelwood Road (1), Central Museum (2). Works arising from recommendations of 2011 Condition Survey to meet minimum Health & Safety standards and recommendations for the minimal investment works in order to provide a further life expectancy of 15 to 20 years. Works to include renewal of control panel, motor gears, door operators, car interior and refurbishment to meet full DDA compliance. Options to be sought to either refurbish by replacing the majority of parts, or alternatively complete replacement with a modern and energy efficient design and complying with all current standards. It is anticipated that this will be a phased project over the next 3 years at an estimated total cost of £600,000.

Statutory duty or other legal commitments

There are a number of areas where the lifts do not comply with current British and European Standards (which are not retrospective/legislative but highly recommended). The Health & Safety at Work Act 1974, the Provision and Use of Working Equipment Regulations (PUWER) and the Lifting Operations and Lifting Equipment Regulations (LOLER) (which are retrospective/legislative). The lifts as installed do not comply with the Building Regulations for Disabled Use or the Disabled Discrimination Act document EN81-70.

Objectives, Consequences and Urgency

- a) **Project Deliverables**
Outcome will be completion of works of renewal or refurbishment to passenger lifts to provide a further life expectancy of 15 to 20 years including, as far as reasonably practical, the DDA shortfalls.
- b) **Consequences of not undertaking the project**
In order to provide a further life expectancy of 15 to 20 years, a significant modernisation will be required. It must be accepted that reliability will deteriorate with time and will potentially involve extended periods of downtime when faults do occur due to non availability of spare parts. This will potentially mean parts will be required to be manufactured specifically for this site which could also involve considerable cost implications.
- c) **Urgency of project and key milestones**
The project is proposed from recommendations of 2011 Condition Survey to meet minimum Health & Safety standards and recommendations for the minimal investment works, within the next 1-2 years, in order to provide a further life expectancy of 15 to 20 years.

Project Title Guildhall Lifts Renewals (excluding urgent H&S)

Appraisal Reference Number 2012-13/GF21

2012/13	2013/14	2014/15
125,000	0	0

Outline description of the project, including specific works to be undertaken.

The proposed project is Phase 1 of a programme for the renewal and refurbishment of 8No. lifts at The Guildhall. Works arising from recommendations of 2011 Condition Survey to meet minimum Health & Safety standards and recommendations for the minimal investment works in order to provide a further life expectancy of 15 to 20 years. Works to include renewal of control panel, motor gears, door operators, car interior and refurbishment to meet full DDA compliance. Options to be sought to either refurbish by replacing the majority of parts, or alternatively complete replacement with a modern and energy efficient design and complying with all current standards. It is anticipated that this will be a phased project over the next 3 years at an estimated total cost of £454,000.

Statutory duty or other legal commitments

There are a number of areas where the lifts do not comply with current British and European Standards (which are not retrospective/legislative but highly recommended). The Health & Safety at Work Act 1974, the Provision and Use of Working Equipment Regulations (PUWER) and the Lifting Operations and Lifting Equipment Regulations (LOLER) (which are retrospective/legislative). The lifts as installed do not comply with the Building Regulations for Disabled Use or the Disabled Discrimination Act document EN81-70.

Objectives, Consequences and Urgency

a) Project Deliverables

Outcome will be completion of works of renewal or refurbishment to passenger lifts to provide a further life expectancy of 15 to 20 years including, as far as reasonably practical, the DDA shortfalls.

b) Consequences of not undertaking the project

In order to provide a further life expectancy of 15 to 20 years, a significant modernisation will be required. It must be accepted that reliability will deteriorate with time and will potentially involve extended periods of downtime when faults do occur due to non availability of spare parts. This will potentially mean parts will be required to be manufactured specifically for this site which could also involve considerable cost implications.

c) Urgency of project and key milestones

The project is proposed from recommendations of 2011 Condition Survey to meet minimum Health & Safety standards and recommendations for the minimal investment works, within the next 1-2 years, in order to provide a further life expectancy of 15 to 20 years.

Project Title **Decent Homes**

Appraisal Reference Number **2012-13 HRA001**

2012/13	2013/14	2014/15
10,000,000	18,000,000	35,000,000

Outline description of the project, including specific works to be undertaken.

To deliver decent homes work to properties failing the decent homes standard following the stock condition survey. This includes kitchens, bathrooms, heating, rewires, roof renewals etc. The aim is to make decent the Council's housing stock by March 2015, and to maintain this decency level in the years following.

Statutory duty or other legal commitments

Currently the council has a large number of properties that are failing the decent homes standard. If the funding is not granted the council will not reach the Government required standard for social landlords.

Objectives, Consequences and Urgency

a) Project Deliverables

All issues have been identified through the stock condition survey. Types of issues that will be addressed include better layout of kitchen/bathrooms by renewing complete elements, upgrading/renewing heating systems to improve the controllability of the system. The measure of this project will be the increased number of properties meeting the decent homes standard. The risks to delivering these projects include the usual risks associated with building works, plus there is the risk of the contractors not delivering the programme, or delivering this at a sub-standard.

b) Consequences of not undertaking the project

Properties would fall into serious disrepair and not be habitable.

c) Urgency of project and key milestones

This project needs carrying out ASAP as currently NBC are failing the decent homes standard. In addition NBC will lose the decent homes backlog funding if this work is not carried out over the next 3 years, which would leave the authority with no resource to reach the decent homes standard.

Project Title **Community Energy Saving Programme (CESP)**

Appraisal Reference Number **2012-13 HRA002**

2012/13	2013/14	2014/15
750,000	0	0

Outline description of the project, including specific works to be undertaken.

The Community Energy Saving Programme (CESP) has been created as part of the government's Home Energy Saving Programme. It requires gas and electricity suppliers and electricity generators to deliver energy saving measures to domestic consumers in the most deprived areas of the Country. CESP has been designed to improve as many properties as possible in deprived areas that qualify for the funding. CESP measures are expected to save £300 per household on fuel bills and 2.9mt CO2 emissions. Over 2451 Council owned homes in 9 deprived areas of Northampton will benefit from a host of measures including; Loft Insulation top up, Cavity Wall insulation, solid wall insulation, under floor insulation, replacement G rated Boilers with A rated Boilers, heating controls, fuel switching and solar panels. This is the second year of the project.

Statutory duty or other legal commitments - N/A

Objectives, Consequences and Urgency

a) Project Deliverables

This is an opportunity for NBC to make decent homes funding go a lot further by maximising the energy efficiency cost element of decency and getting two thirds of grant funding to help achieve the decent homes standard on 2451 of the Council's homes. The CESP scheme will help improve the fuel poverty of some of our most deprived communities and the households that reside within these communities. The CESP scheme has been identified nationally using the Indices of Multiple Deprivation 2007. The criteria are that the most 10% of deprived areas within the Country can benefit from CESP funding. In Northampton we have 9 such areas spread across 6 wards. Measures will be an increase in the number of properties meeting the decent homes standard and the reduction in carbon emissions. The non-financial risks mainly associated with this project are project management and staff capacity. As part of the tender process the Council stipulated that the winning Energy Provider would be required to provide the project management of the scheme, and NBC officers just support in a minor capacity.

In terms of managing this small risk, Gary Parsons the Housing Strategy & Performance Manager will monitor the risk register on a monthly basis as part of the CESP project monitoring meetings with the energy provider.

b) Consequences of not undertaking the project

If the project is not undertaken then NBC would miss the opportunity of benefitting from £2,403,810, and the capital programme would still have to budget for this figure to meet the thermal comfort element of the decent homes standard. The decent homes programme would therefore have to cover this funding element.

c) Urgency of project and key milestones

The CESP funding is time limited and has to be spent by December 2012. This is derived from the Government and CESP is likely to continue in a different name or be stopped completely after this timescale. It is therefore important that the funding is spent by the end of December 2012.

Project Title Heating Replacement (responsive)

Appraisal Reference Number 2012-13 HRA004

2012/13	2013/14	2014/15
500,000	500,000	300,000

Outline description of the project, including specific works to be undertaken.

To deliver a responsive programme of heating replacements for properties where the heating system has failed or where the annual service highlights faults that need major improvements.

Statutory duty or other legal commitments

Fitness standard or HHSRS. Decent Homes and Landlords and Tenants act. The Council has a duty to provide heating and hot water to tenants

Objectives, Consequences and Urgency

a) Project Deliverables

The Council's stock condition survey has recently incorporated the HHSRS which identifies some properties failing the standard for reasons of thermal comfort. This impacts heavily upon the Council's total non decent property levels, and technically renders the properties not fit to let. The project can be measured by the increased number of properties meeting the decent homes standard.

b) Consequences of not undertaking the project

The Council cannot reach full decent homes without these properties being complete, nor will it meet its annual SAP rating targets without it.

c) Urgency of project and key milestones

NBC are required to supply working heating as part of the Duty of Care.

Project Title Voids**Appraisal Reference Number 2012-13 HRA006**

2012/13	2013/14	2014/15
1,000,000	1,000,000	750,000

Outline description of the project, including specific works to be undertaken.

When voids occur an immediate survey is carried out to assess the works and costs required to bring the property back to a let table standard. Works of a certain type and level are considered as capital improvements.

Statutory duty or other legal commitments

Fitness standard or HHSRS. Decent Homes and Landlords and Tenants act.

Objectives, Consequences and Urgency

a) Project Deliverables

Void turn round time and reletting times are key indicators for this authority which were previously consistently in the lowest quartile. The ability to return stock to a well maintained and decent home meets the Governments guidelines on Decent Homes best practice and maximises the properties potential to attract new tenants. In addition rent loss associated with empty properties is minimised. Risk - Delays through materials shortages. Volumes of alternative work available to contractors at more advantageous rates or working environments. E.g. new build. Other risks are site specific and will be managed within Health and Safety regulations, such as CDM, method statements and risk assessments.

b) Consequences of not undertaking the project

Turning voids round quickly and ensuring quick reoccupation improves the appearance of the area and helps to reduce crime and vandalism against property. It reduces the amount of sitex in accordance with a requirement of the Housing Inspection. It reduces the amount of rent lost to void properties. It enables staff to create work flow programmes which need not to be halted for additional permissions to spend. It allows the Council to achieve void targets and deliver decent homes standard when properties are void in accordance with government guidance. These will all suffer without this project.

c) Urgency of project and key milestones

Give brief details and justification of the time span and describe the key points of timely delivery and give the dates by which these will be achieved. The project needs to run from year to year to ensure that voids accruing through the year can be funded.

Project Title **Door Entry Replacement**

Appraisal Reference Number **2012-13 HRA007**

2012/13	2013/14	2014/15
90,000	100,000	200,000

Outline description of the project, including specific works to be undertaken.

A project to replace and upgrade existing doors and door entry mechanisms to communal areas where there is currently none and there is an identified need; or where the existing provision is insufficiently secure or functional.

Statutory duty or other legal commitments - None

13 Objectives, Consequences and Urgency

a) Project Deliverables

A general door entry programme was carried out a number of years ago to the agreed standard at that time. This was to communal areas which served four or more dwellings. Subsequently it has become necessary to provide communal doors for areas serving less than four properties, and where existing doors are subject to high levels of attack and vandalism. This is very much demand led by tenants who live in affected blocks. Risks - The general site risks will be managed by the appointed contractors health and safety risk assessments and method statements where applicable. The works will be monitored by a council clerk of works and or electrical supervisor. The specific property related risks will be managed by method statements and the Council's technical staff. Customer liaison will be used to manage complaints to the landlord.

b) Consequences of not undertaking the project

At present some systems and doors require almost daily repairs and attention. Properties become difficult to let when the communal areas are under attack and perceived to be insecure.

c) Urgency of project and key milestones

Some properties are under high levels of ASB and misuse on a daily basis. This project will aid in tenant safety

Project Title **Planned Heating Replacements****Appraisal Reference Number** **2012-13 HRA009**

2012/13	2013/14	2014/15
700,000	500,000	400,000

Outline description of the project, including specific works to be undertaken.

To deliver an annual rolling programme of heating replacements for properties with no gas heating or where heating is inefficient and obsolete.

Statutory duty or other legal commitments

Fitness standard or HHSRS. Decent Homes and Landlords and Tenants act. The Council has a duty to provide heating and hot water to tenants

Objectives, Consequences and Urgency

a) Project Deliverables

The Council Stock Condition Survey has recently incorporated the HHSRS which identifies some properties failing the standard for reasons of thermal comfort. This impacts heavily upon the Councils total non decent property levels, and technically renders the properties not fit to let. The measure will be the increase in properties meeting the decent homes standard. Risks - The general site risks will be managed by the appointed Contractors Health and Safety Risk assessments and method statements. The specific property related risks will be managed by method statements and the Councils technical staff. Customer Liaison will be used and staff liaison to manage complaints to the landlord.

b) Consequences of not undertaking the project

The Council cannot reach full decent homes without these properties being complete, nor will it meet its annual SAP Rating targets without it.

c) Urgency of project and key milestones

NBC are required to supply working heating as part of the Duty of Care

Project Title **Reroofing**

Appraisal Reference Number **2012-13 HRA010**

2012/13	2013/14	2014/15
400,000	200,000	200,000

Outline description of the project, including specific works to be undertaken.

A project to re-roof homes which require roofing due to backlog repairs - poor condition, decent homes or emergency dilapidations. This is for all types of roofing both tiled and flat roofing.

Statutory duty or other legal commitments

Fitness standard or HHSRS Decent Homes and Landlords and Tenants act.

Objectives, Consequences and Urgency

a) Project Deliverables

The Council needs to deliver elemental replacements and repairs both to meet its obligations to maintain homes in good condition and the Decent Homes Standard. Roofing is considered to be a major building component which alone can cause non decency. The properties included this year have been identified, by survey, as properties in poor condition, in need of emergency attention. The measure will be the increase in number of homes meeting the decent homes standard. Risks - The site risks will be managed by the appointed contractors Health and Safety Risk assessments and method statements. The Council will use an externally procured CDM coordinator as there is no internal resource at present. The Council will use in house customer liaison to manage complaints to the landlord. Material availability has been assessed. BT service reinstatement is being carried out by BT engineers.

b) Consequences of not undertaking the project

Failure to replace roofs which are in a poor condition, leaves the council open to claims under Section 11 of the disrepair legislation. Failure to replace leaking roofs results in additional dilapidations to structure and other important elements.

c) Urgency of project and key milestones

This project is to address those properties immediately in poor repair or non decency.

Project Title **Electrical periodic works**

Appraisal Reference Number **2012-13 HRA012**

2012/13	2013/14	2014/15
125,000	125,000	125,000

Outline description of the project, including specific works to be undertaken.

An annual rolling programme to check and upgrade the communal electrical systems in the council housing stock.

Statutory duty or other legal commitments

Fitness standard or HHSRS. Decent Homes and Landlords and Tenants act.

Objectives, Consequences and Urgency

a) Project Deliverables

The Council has a duty of care to the tenants, visitors and members of the public to maintain the electrics supply in its properties to the current legal standard and to check these properties on a regular basis. This project will aid in this and also in the fire safety of the properties. The general site risks will be managed by the appointed Contractors Health and Safety Risk assessments and method statements. The specific property related risks will be managed by method statements and the Council's technical staff. Customer liaison will be used and staff liaison to manage complaints to the landlord.

b) Consequences of not undertaking the project

The Council will fail in its duty of care and would leave the properties dangerous to the public

c) Urgency of project and key milestones

This project is to address those properties immediately in poor repair and to monitor/improve the standards of the properties

Project Title Capital Improvements**Appraisal Reference Number 2012-13 HRA013**

2012/13	2013/14	2014/15
300,000	100,000	75,000

Outline description of the project, including specific works to be undertaken.

This project is to improve/maintain the standards of the housing stock by picking up the full element replacements such as bathrooms, fencing , and piping upgrades that are not covered by the Decent Homes programme but which is picked up via the property maintenance section through their day to day inspections

Statutory duty or other legal commitments

Fitness standard or HHSRS. Decent Homes and Landlords and Tenants act.

Objectives, Consequences and Urgency

a) Project Deliverables

All issues have been identified through Property Maintenance inspection. The renewal of complete elements, such as bathrooms, fencing and pipe work improvements. If these are not done they could cause an H&S issue. The general site risks will be managed by the appointed Contractors Health and Safety Risk assessments and method statements. The specific property related risks will be managed by method statements and the Council's technical staff. Customer liaison will be used and staff liaison to manage complaints to the landlord.

b) Consequences of not undertaking the project

Properties would fall into serious disrepair and not be habitable. Health and safety issues.

c) Urgency of project and key milestones

These elements of work will need doing as that the H&S of out tenants is maintained

Project Title **Garage roofs, doors and forecourts**

Appraisal Reference Number **2012-13 HRA14**

2012/13	2013/14	2014/15
40,000	40,000	40,000

Outline description of the project, including specific works to be undertaken.

To deliver renewals to garage roofs, doors and garage areas to council housing

Statutory duty or other legal commitments - N/A

Objectives, Consequences and Urgency

a) Project Deliverables

This project will renew roofs & doors to garage sites that have been identified as in a poor state of repair. The general site risks will be managed by the appointed Contractors Health and Safety Risk assessments and method statements. The specific property related risks will be managed by method statements and the Council's technical staff. Customer liaison will be used and staff liaison to manage complaints to the landlord.

b) Consequences of not undertaking the project

Garages fall into disrepair and become dangerous, which will mean they cannot be let which will reduce the councils income

c) Urgency of project and key milestones

Ongoing maintenance if not done, this will become more urgent as time goes by and will cause major problems and potential claims and loss of income.

Project Title **Minor Adaptations****Appraisal Reference Number** **2012-13 HRA015**

2012/13	2013/14	2014/15
140,000	140,000	140,000

Outline description of the project, including specific works to be undertaken.

To deliver an annual rolling programme to deliver disabled adaptations to council tenants

Statutory duty or other legal commitments

Building Regulations Part M. Minor adaptations without delay (Communities and Local Government). Community Care Delayed Discharges 2005 Act. National framework for Older People 2001. Disability Discrimination Act.

Objectives, Consequences and Urgency

a) Project Deliverables

All issues have been identified through the NHS referrals or tenant requests. Types of issues that will be ramps, grab rails and key safes all of which will aid the tenants in and around their property. Measured through how many cases completed. Risks - These will include making sure the adaptations are recommended by suitably qualified persons. This means working in partnership with Housing Solutions team to assess risk.

b) Consequences of not undertaking the project

Some residents will not be able to remain in their homes for as long as they could with adaptations and hospital bed blockers will not be able to be discharged; The Council will be in breach of its legal duties; many tenants will require alternative accommodation to meet their needs, possibly in full time residential or hospital care, which could be addressed by relatively cheap adaptations at the persons home. This could impact especially on local social services and pct's.

c) Urgency of project and key milestones

This is a rolling programme which picks up approved or statutory adaptations needs as they arise.

Project Title **Estate Regeneration**

Appraisal Reference Number **2012-13 HRA018**

2012/13	2013/14	2014/15
150,000	150,000	1,000,000

Outline description of the project, including specific works to be undertaken.

Projects highlighted through stock condition surveys. Project to carry out works to significant components following condition survey to regenerate some Council owned housing estates to ensure that these areas meet the residents needs in respect of the local built environment. It will allow us to work with partners to deal with spaces and amenities owned by HRA and address issues such as anti-social behaviour, vandalism, and other more general issues such as parking and lighting.

Statutory duty or other legal commitments

Housing and Regeneration Act 2008, involves Councils in providing decent places (as well as decent homes) and requires tenant/resident consultation in how their localities are shaped, and an understanding of areas needs.

Objectives, Consequences and Urgency

a) Project Deliverables

The council has concentrated on its homes rather than the built and green environment around them. Attention to walls, fencing, parking areas layouts, footpaths etc will improve the sustainability of neighbourhoods, improve lettable and social mobility. Risks - Any project to review stock and estate condition requires a clear instruction and direction early to achieve useful output within the timescale. Other stock reviews already underway might reach different conclusions through having different criteria.

b) Consequences of not undertaking the project

Estates will become more run down and properties more difficult to let. Problems associated with existing tenants and leaseholders disengaging with their local community. The Council will face increasing challenges in understanding the key issues in maintaining its stock in the years ahead and in making strategic decisions about its future investment needs.

c) Urgency of project and key milestones

This needs to be delivered in conjunction with Decent Homes over the next three years, and in line with the several Area Actions plans imminent for parts of the town.

Project Title **Fire Safety in Communal Areas**

Appraisal Reference Number **2012-13 HRA019**

2012/13	2013/14	2014/15
150,000	75,000	75,000

Outline description of the project, including specific works to be undertaken.

A project to inspect and maintain the communal areas of flats with respect to fire safety

Statutory duty or other legal commitments

Housing Act 2004 Fitness standard or HHSRS. Decent Homes and Landlords and Tenants act.

Objectives, Consequences and Urgency

a) Project Deliverables

The Council needs to deliver elemental replacements and repairs both to meet its obligations to maintain homes in good condition and the Decent Homes Standard. The properties included this year will be identified, by survey, as properties in poor condition, in need of emergency attention. The measure will be the number of blocks of flats completed. The site risks will be managed by the appointed contractors health and safety risk assessments and method statements. The council will use an externally procured CDM co-ordinator as there is no internal resource at present. The Council will use in house customer liaison to manage complaints to the landlord.

b) Consequences of not undertaking the project

Failure to carry out fire safety works may leave the Council in breach of Health and Safety legislation.

c) Urgency of project and key milestones

Until the Council has obtained the asset management strategy the Council must continue to procure annual programmes of works to ensure properties receive the maintenance work they require. This project is to address those properties immediately in poor repair and keep other properties up to a safe standard.

Project Title **Disabled Adaptations - Council Stock**

Appraisal Reference Number **2012-13 HRA020**

2012/13	2013/14	2014/15
1,000,000	1,000,000	1,000,000

Outline description of the project, including specific works to be undertaken.

An annual rolling programme to deliver disabled adaptations to council tenants

Statutory duty or other legal commitments

Building Regulations Part M. Minor adaptations without delay (Communities and Local Government). Community Care Delayed Discharges 2005 Act. National framework for Older People 2001. Disability Discrimination Act.

Objectives, Consequences and Urgency

a) Project Deliverables

The need to provide value for money adaptations in conjunction with health partners to Council tenants to enable them to remain in their homes. The measure can be how many adaptations are completed. Risks include making sure the adaptations are recommended by suitably qualified persons. Housing solutions now carry out all the assessments (from referrals) in-house.

b) Consequences of not undertaking the project

The Council will be in breach of its legal duties; many tenants will require alternative accommodation to meet their needs, possibly in full time residential or hospital care, which could be addressed by relatively cheap adaptations at the persons home. This could impact especially on local social services and pct's.

c) Urgency of project and key milestones

This is a rolling programme which picks up approved or statutory adaptations needs as they arise.

Project Title **IT Capital**

Appraisal Reference Number **2012-12 HRA022**

2012/13	2013/14	2014/15
200,000	200,000	200,000

Outline description of the project, including specific works to be undertaken.

Ongoing development to the Housing IT systems which will help implement new ways of working.

Statutory duty or other legal commitments - None

Objectives, Consequences and Urgency

a) Project Deliverables

The continued development of the Housing IT system will help the delivery of the service making it more cost effective. Measures and risks are unavailable at this time as the specific projects are unknown.

b) Consequences of not undertaking the project

NBC would be working with sub-standard and out of date equipment/software which could fail causing major process and financial issues.

c) Urgency of project and key milestones

The longer the software/hardware is not updated the more expensive it will be to upgrade/replace.

Project Title **Communal walkways**

Appraisal Reference Number **2012-13 HRA023**

2012/13	2013/14	2014/15
100,000	100,000	100,000

Outline description of the project, including specific works to be undertaken.

To deliver a programme of improvements to communal walkways such as Drayton Walk. This includes weather proofing and a hard wearing anti slip covering .

Statutory duty or other legal commitments

HHSRS (Home Health and Safety Rating System) Landlords and Tenants Act (Section 11)

Objectives, Consequences and Urgency

a) Project Deliverables

Properties have been identified through examination of past repairs and each area will be programmed in accordance of urgency. This will help cut down on the number of repairs that property maintenance attend each year, this could be one measurement as could the number of areas completed. A pilot scheme was carried out last year to assess the success of the new covering prior to rolling this out across the Borough. The risks are that the contractor may not deliver or be up to the required standard, however this will be monitored on an on-going basis. All risks during the works will be managed by the contractor.

b) Consequences of not undertaking the project

Some properties may become dangerous.

c) Urgency of project and key milestones

Properties have been identified through examination of past repairs and each area will be programmed in accordance of urgency. This will help cut down on the number of repairs that property maintenance attend each year. The longer these are left the more they will deteriorate.

Project Title **Communal area upgrades**

Appraisal Reference Number **2012-13 HRA024**

2012/13	2013/14	2014/15
200,000	200,000	200,000

Outline description of the project, including specific works to be undertaken.

To deliver a programme of upgrades to communal areas, this will include internal communal stairways communal kitchen/wc's, drying areas.

Statutory duty or other legal commitments

HHSRS (Home Health and Safety Rating System) Landlords and Tenants Act (Section 11)

Objectives, Consequences and Urgency

a) Project Deliverables

Properties have been identified through examination of past repairs and each area will be programmed in accordance of urgency. This will help cut down on the number of repairs that property maintenance attend each year, this could be used as a measure as could number of communal areas upgraded. The general work risks will be managed by the contractor.

b) Consequences of not undertaking the project

Properties would fall into serious disrepair and not be habitable. Some properties may become dangerous.

c) Urgency of project and key milestones

Properties have been identified through examination of past repairs and each area will be programmed in accordance of urgency. This will help cut down on the number of repairs that property maintenance attend each year.

Project Title **Green Deal contribution & energy efficiency**

Appraisal Reference Number **2012-13 HRA025**

2012/13	2013/14	2014/15
0	100,000	100,000

Outline description of the project, including specific works to be undertaken.

This programme will improve the energy efficiency of the councils housing stock through following the Governments roll out of Green Deal in April 2012.

Objectives, Consequences and Urgency

a) Project Deliverables

All issues will be identified through the Stock Condition survey followed by tenant consultation . Works may include boiler renewals, insulation to walls & roof spaces, and solar PV. Measures will be the reduction in Carbon plus the number of dwellings completed. Risks will be managed by the contractor.

b) Consequences of not undertaking the project

Properties fail to be energy efficient

c) Urgency of project and key milestones

Properties will be identified through examination of past repairs and each area will be programmed dependent on need/urgency.

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Appendices: 3



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Audit Committee Terms of Reference
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	9 th January 2012
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 For the Audit Committee to note the revised Terms of Reference that were agreed at Full Council in May 2011.
- 1.2 For Audit Committee to consider the Terms of Reference and to propose changes as appropriate.

2. Recommendations

- 2.1 That the Audit Committee notes the current Terms of Reference and responsibilities of the Committee.
- 2.2 That Audit Committee recommends to the Constitutional Working Group changes to the Constitution relating to its terms of reference outlined in appendix 3.
- 2.3 That the Audit Committee consider the adequacy of the current Terms of Reference overall and to propose any other changes to the Constitutional Review Working Group as appropriate.

3 Issues and Choices

3.1 Report Background

- 3.1.1 The revised Terms of Reference of the Audit Committee was approved by Full Council in May 2011. The Terms of Reference are being brought back here to make the Committee aware of the Terms of Reference for the Committee and for the Committee to consider and propose any changes it deems appropriate

- 3.1.2 As additional guidance to the Committee regarding the contents of Terms of Reference, the CIPFA Suggested Audit Committee Terms of Reference are attached at Appendix 2.
- 3.1.3 Changes to the Committee's terms of reference will need to be through changes to the Council's constitution and approved by Full Council. Changes to the constitution are considered by the cross party, Constitutional Review Working Group who are supported by the Monitoring Officer. If agreed, the Constitutional Review Working Group will make recommendations to the Full Council.

3.2 Issues

- 3.2.1 The Audit Committee Terms of Reference outline the responsibilities of the Audit Committee and are contained within the Constitution. Audit Committee members need to be aware of the contents of the Terms of Reference for the committee and ensure that it operates within these Terms of Reference.
- 3.2.2 It is good practice for the Audit Committee to consider the adequacy of its Terms of Reference from time to time and Audit Committee is now being asked to propose any changes it considers appropriate to the Terms of Reference attached at Appendix 1
- 3.2.3 From time to time, statute and regulations change what must legally be considered by the Council. The Council's duties in this regard are discharged by the Audit Committee. Prior to the process for the Statutory Accounts for 2010/11, Audit Committee had to approve the draft Statement of Accounts prior to submission for external audit. For 2010/11 Statement of Accounts, the Accounts and Audit Regulations were changed such that Audit Committee now receives the accounts in September alongside the report of the Council's external auditor. It is therefore suggested that a change to paragraph 9.3.12 of the Terms of Reference (suggested wording shown at Appendix 3) is made to reflect this.
- 3.2.4 Another change to statutory requirements is that the Annual Governance Statement is no longer published as part of the Statement of Accounts but rather is published with the Statement. An insertion to the Terms of Reference is therefore appropriate to reflect this (suggested wording shown at Appendix 3).

3.2.5 Features of Audit Committees

Good audit committees will be characterised by:

- Strong chairmanship – displaying a depth of skills and interest
- Unbiased attitudes - treating auditors, the executive and management equally
- The ability to challenge the Executive (leader/chief executive) when required
- A membership that is balanced, objective, independent of mind, and knowledgeable.

3.2.6 Structure and Administration

Although no single model of committee is prescribed, all should:

- Be independent of the Executive and Scrutiny functions.

- Have clear reporting lines and rights of access to other committees, for example scrutiny and service committees and other strategic groups.
- Meet regularly – at least four times a year with a quorum, and have a clear policy on those items to be considered in private and those to be considered in public.
- Include, as regular attendees, the Responsible Finance Officer (For NBC the Director of Finance and Support), Head of Internal Audit (or equivalent, therefore PWC Audit Manager) and Appointed External Auditor (Audit Commission).
- Other attendees may include the Monitoring Officer (for standards issues) and the Heads of Service and Directors as necessary. The committee should have the right to call any other officers or agencies of the council as required.
- The chair should have direct access to both the Appointed External Auditor and the Head of Internal Audit
- Be properly trained to fulfil their role.

3.2.7 The 2011/12 Internal Audit Risk Assessment and Plan outlines the planned activity for internal audit for 2011/12. Audit Committee members need to be aware of the Plan because it outlines the planned work of Internal Audit for 2011/12. The Plan is subject to change during the year because of emerging issues but these changes will be reported to Audit Committee as they occur.

3.3 Choices (Options)

3.3.1 To be aware of and understand the responsibilities of the Audit Committee.

3.3.2 To propose appropriate changes to the Audit Committee Terms of Reference.

4. Implications (including financial implications)

4.1 Policy

4.1.1 None.

4.2 Resources and Risk

4.2.1 There are no specific resources and risk implications arising from this report.

4.3 Legal

4.3.1 Outlined in the body of the report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 Senior officers, **How the Proposals deliver Priority Outcomes**

4.5.2 Protecting and enhancing the reputation of Northampton Borough Council.

4.6 Other Implications

4.7.1 Not applicable

5. Background Papers

Appendix 1 – Audit Committee Terms of Reference

Appendix 2 – CIPFA Audit Committee Terms of Reference

Appendix 3 – Suggested Changes and Additions to the Terms of Reference

Bill Lewis
Head of Finance, ext 7167

Article 9 – The Audit Committee

9.1 The Audit Committee

The Council will establish an Audit Committee:

9.2 **Membership:** The Audit Committee will be composed of seven Councillors, excluding members of the Cabinet.

The Committee shall have delegated powers to appoint co-opted members, without voting rights but with expertise in relevant areas.

9.3 Role and Terms of Reference

9.3.1 To generally consider all relevant processes for risk, control and governance.

9.3.2 To approve and influence (but not direct) internal audit's strategy, plan and performance.

9.3.3 To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

9.3.4 To consider the reports of external audit and inspection agencies.

9.3.5 To consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements and seek assurances that action is being taken on risk related issues identified by auditors and inspectors.

9.3.6 To be satisfied that the Council's assurance statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.

9.3.7 To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.

- 9.3.8 To review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- 9.3.9 To monitor, the implementation of Key recommendations and actions arising from the Council's Improvement Plan.
- 9.3.10 To consider key performance management reports and monitor the effectiveness of performance against the Best Value Performance Plan and key outcomes in the Council's Improvement Plan.
- 9.3.11 To promote relevant value for money studies following particular themes or service areas as appropriate.
- 9.3.12 To approve the Annual Statement of Accounts for submission to the External Auditor and for public consultation and to subsequently approve their adoption.
- 9.3.13 To ensure effective scrutiny of the treasury management strategy and policies.

9.4 Rules of Procedure

The Council Procedure Rules contained in Part 4 of this Constitution shall apply insofar as they do not conflict with the rules herein.

Appendix 1: Suggested Audit Committee Terms of Reference

Audit Activity

To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.

To consider summaries of specific internal audit reports as requested.

To consider reports dealing with the management and performance of the providers of internal audit services.

To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

To consider specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To liaise with the Audit Commission over the appointment of the council's external auditor.

To commission work from internal and external audit.

Regulatory Framework

To maintain an overview of the council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.

To review any issue referred to it by the chief executive or a director, or any council body.

To monitor the effective development and operation of risk management and corporate governance in the council.

APPENDICES**AUDIT COMMITTEES: PRACTICAL GUIDANCE FOR LOCAL AUTHORITIES**

To monitor council policies on 'Raising Concerns at Work' and the anti-fraud and anti-corruption strategy and the council's complaints process.

To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.

To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

To consider the council's compliance with its own and other published standards and controls.

Accounts

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Suggested Changes and Additions to the Audit Committee Terms of Reference

Suggested Change

Change paragraph 9.3.12:

To approve the Annual Statement of Accounts for submission to the External Auditor and for public consultation and to subsequently approve their adoption.

To:

To consider the audited annual Statement of Accounts alongside the report of the External Auditor and to approve the adoption of the Accounts.

Suggested Addition

Insert the following: -

To consider and approve the Council's Annual Governance Statement prior to publication alongside the adopted annual Statement of Accounts.

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Appendices: 1



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Finance and Performance Report to October 2011
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	9 th January 2012
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 To present Audit Committee with the Finance and Performance Report as sent to Cabinet on 14th December 2011.

2. Recommendations

- 2.1 To consider the contents of the Finance and Performance Report (Appendix 1);
- 2.2 To consider whether Audit Committee require additional information in order to perform their governance role.

3. Issues and Choices

3.1 Report Background

- 3.1.1 A Finance and Performance report is being taken to Cabinet on a quarterly basis (including the out-turn report). Previously these were taken on a monthly basis, with the exception of the beginning of the financial year and the final months of the financial year.
- 3.1.2 Audit Committee has asked to receive these reports. These will be brought to the first available Audit Committee following report production.

3.2 Issues

3.2.1 The significant financial and performance variance that are currently known are shown in the report at Appendix 1.

3.3 Choices (Options)

3.3.1 None

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no specific policy implications arising from this report.

4.2 Resources and Risk

4.2.1 The report at Appendix 1 details any resource issues facing the Council from its forecast financial position for 2011/12.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 None at this stage.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Protecting and enhancing the reputation of Northampton Borough Council.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

Appendix 1 –Finance and Performance Report to the End of October 2011

Bill Lewis
Head of Finance, ext 7167



CABINET REPORT

Report Title	FINANCE AND PERFORMANCE REPORT TO THE END OF OCTOBER 2011
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	14 December 2011
Key Decision:	NO
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Management Board
Accountable Cabinet Member:	Cllr A Bottwood/Cllr D Mackintosh
Ward(s)	N/A

1. Purpose

- 1.1 This report presents the Council's key financial and performance exceptions for the year to date.

2. Recommendations

- 2.1 That Cabinet note the contents of the report and recommends actions to be taken, if any, to address the issues arising.
- 2.2 That Cabinet notes the position reported on the key financial indicators reported at paragraphs 3.2.1 to 3.2.3.
- 2.3 To approve the following capital appraisals and variations.

Appraisals Requiring Approval

Scheme Reference & Description	Narrative	2011-12 £	Future Years £	Funding Source
General Fund				

2011-12/GF42 Mayorhold Car Park Drainage Works	Refurbishment and enhancement to drainage systems within Mayorhold MSCP car park, to protect structure and enhance appearance. These works are necessary under the conditional Development Agreement reached with Legal and General in November 2009.	80,000	0	Capital Receipts
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Variations Requiring Approval

2011-12/GF31 Grosvenor/ Greyfriars – Stagecoach Relocation	Agreement now reached re timing of payments - £2m in 2011/12 and £3m in 2012/13. Original bid included further £0.5m, which will not now be a capital cost (was to be externally funded, so no net saving).	(3,500,000)	3,000,000	WNDC Grant/ Capital Receipts
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3. Issues and Choices

3.1 Report Background

- 3.1.1 The purpose of this report is to assist Cabinet in monitoring the progress against the delivery of the Corporate Plan priorities within the agreed capital and revenue budgets for general fund and HRA by highlighting the key exceptions and identifying any emerging issues as notified by service managers.
- 3.1.2 It is important that the savings built into the budget are achieved in order to minimise the impact on the Council's general reserves and the budget for future years. Should any of the savings be unachievable Management Board and Heads of Service are responsible for identifying and undertaking appropriate management action to deliver alternative savings or income.
- 3.1.3 The report takes into consideration the progress of key projects being delivered across the Council, achievement against performance indicators and financial/resource information.
- 3.1.4 Portfolio holders receive detailed information on all the measures monitoring the Corporate Plan within their portfolios.
- 3.1.5 To bring capital appraisals and variations for noting and approval.






3.2 Issues

3.2.1 Performance Exceptions on Corporate Plan Priorities




This section of the report brings to the attention of Cabinet those measures that are under (▲) or over (●) performing by corporate priority against their profiled monthly targets. Appendix 1 provides further detail of the issues and actions being taken by service areas.











Further data validation processes are being implemented by Northampton Borough Council for Leisure Trust and Enterprise Managed Services (EMS) LTD contract (delivering services including household waste and recycling, street cleaning, parks, cemeteries and grounds maintenance). Data in future reports may change following this process.




Theme 1 – You

Measure	Performance status	Actual (YTD)	Target (YTD)	Portfolio	Page ref. for further detail
HI36 Number of affordable homes delivered (former NI155)		7	10	Housing	Appendix 1 page 2
Profiled target not achieved.					
HI07 Number of households living in temporary accommodation (former NI156)		33	60	Housing	Appendix 1 page 2
Profiled target exceeded.					
HI09 Homeless households for whom casework advice resolved their situation		1,371	1,138	Housing	Appendix 1 page 2
Profiled target exceeded.					
LT02 Total No. of people enrolled in swimming program		3,666	3,500	Community Engagement	Appendix 1 page 2
Profiled target exceeded.					
RB01 Time taken to process Housing Benefit / Council Tax Benefit new claims and change events		10.7 days	11.8 days	Finance	Appendix 1 page 2
Profiled target exceeded.					








Theme 2 – Your Town



Measure	Performance status	Actual (YTD)	Target (YTD)	Portfolio	Page ref. for further detail
ESC01 No. of missed Bins/Boxes as a % of those collected		0.09%	0.02%	Environment	Appendix 1 page 3
Profiled target not achieved.					
ESC03 No. KG household waste collected, not sent for reuse, recycling or not composted (former NI191)		18,409,680 kg	15,490,351.80 kg	Environment	Appendix 1 page 3
Profiled target not achieved.					
ESC04 % household waste recycled and composted (former NI192)		44.43%	47%	Environment	Appendix 1 page 3
Profiled target not achieved.					

Measure	Performance status	Actual (YTD)	Target (YTD)	Portfolio	Page ref. for further detail
ESC07 % of Land and Highways assessed with litter falling below acceptable level – Graffiti (former NI195c)		2.5%	2%	Environment	Appendix 1 page 3
Profiled target not achieved.					
ESC08 % of Land and Highways assessed with litter falling below acceptable level – Fly Posting (former NI195d)		0.33%	0%	Environment	Appendix 1 page 3
Profiled target not achieved – Latest reporting period July 2011 YTD					
ESC12 Level of quality against an agreed standard: Open Spaces & Parks – Graffiti and Fly Posting		5.56	2	Environment	Appendix 1 page 3
Profiled target not achieved.					
ESC14 No. of overall complaints		716	500	Environment	Appendix 1 page 3
Profiled target not achieved.					
NI157a SM Percentage of 'small scale' major planning applications determined within 13 weeks		62.5%	75%	Regeneration, Enterprise and Planning	Appendix 1 page 4
Profiled target not achieved.					
PP06 Percentage change in serious acquisitive crime from the baseline		-1.61%	-5.83 %	Leader	Appendix 1 page 4
Profiled target not achieved.					
TCO05 Percentage increase in Town Centre footfall compared to 2010-11		-0.69%	2%	Regeneration, Enterprise and Planning	Appendix 1 page 4
Profiled target not achieved.					
ESC05 % of Land and Highways assessed with litter falling below acceptable level - Litter (former NI195a)		4%	5%	Environment	Appendix 1 page 5
Profiled target exceeded – Latest reporting period July 2011 YTD					
ESC06 % of Land and Highways assessed with litter falling below acceptable level - Detritus (former NI195b)		7.5%	8%	Environment	Appendix 1 page 5
Profiled target exceeded – Latest reporting period July 2011 YTD					
ESC10 Level of quality against an agreed standard – Open Spaces and Parks – Litter		0%	5%	Environment	Appendix 1 page 5

Measure	Performance status	Actual (YTD)	Target (YTD)	Portfolio	Page ref. for further detail
Profiled target exceeded – Latest reporting period September 2011 YTD					
ESC11 Level of quality against an agreed standard – Open Spaces and Parks – Detritus		1.39%	8%	Environment	Appendix 1 page 5
Profiled target exceeded – Latest reporting period September 2011 YTD					
PP08 % Change in most serious violence from the baseline		-7.14	-2.9	Leader	Appendix page 5
Profiled target exceeded.					
TCO01 Number of events delivered in partnership: Town Centre		6	4	Community Engagement	Appendix 1 page 5
Profiled target exceeded.					

Theme 3 – Your Council

Measure	Performance status	Actual (YTD)	Target (YTD)	Portfolio	Page ref. for further detail
BV12 The number of working days / shifts lost to sickness absence		6.40	5.25	Leader	Appendix 1 page 6
BV12r The average number of working days / shifts lost to sickness absence for rolling 12 month period		12.35	9.42	Leader	Appendix 1 page 6
Profiled target not achieved.					
CEX02 Percentage of Local Government Ombudsman correspondence dealt with on time		50%	100%	Leader	Appendix 1 page 6
Profiled target not achieved.					
CS05 Percentage satisfied with the overall service provided by the customer service officer		81.69%	90%	Community Engagement	Appendix 1 page 6
Profiled target not achieved.					
CS13 Percentage of all calls into the contact centre answered		82.93%	95%	Community Engagement	Appendix 1 page 6
Profiled target not achieved.					
CS14 One-stop-shop: Percentage of all customers waiting less than 15 minutes (excluding Licensing)		77.65%	95%	Community Engagement	Appendix 1 page 6
Profiled target not achieved.					
FIN27 NBC Procurement savings for the year against costs of NBC procurement		£178,459	£215,833	Finance	Appendix 1 page 7

Measure	Performance status	Actual (YTD)	Target (YTD)	Portfolio	Page ref. for further detail
Profiled target not achieved.					
HI04 percentage void rent loss		1.59%	1.4%	Housing	Appendix page 7
Profiled target not achieved.					
RB07 Total percentage of debt outstanding, not in recovery and overdue		6.41%	8.8%	Finance	Appendix 1 page 7
Profiled target exceeded.					

3.2.2 Key Financial Indicators Exceptions

Target of £0k means that the target is to deliver the budget

Dashboard Indicator Description	Latest Position		Target	RAG
Total GF Revenue Controllable Budget	Over Spend	£68k	£0	A
Total HRA Revenue Controllable Budget	Under Spend	£14k	£0	B
Debt Financing Budget	Under Spend	£380k	£0	B

3.2.3 General Fund and HRA Revenue Budget Issues

1. Number of Service Areas Materially Overspending

3.2.4 One of the 20 services with general fund budgets is reporting a material variation. Paragraph 3.2.7 below refers.

2. Total General Fund Revenue Controllable Budget

3.2.5 The following table explains the main under and overspends on the General Fund.

Service Area	£,000
Neighbourhood Environmental Services	231
Town Centre Management	249
Head of Planning	-117
Head of Regeneration and Development	-202
Borough Solicitor	58
Debt Financing	-380
Other Minor Variations	-151
Total Forecast Under/Overspend	- 312

3.2.6 **Neighbourhood & Environmental Services (Amber)** Managers are reporting a forecast overspend of £231k after management action. This is due to additional temporary staff costs of £185k, vehicle repair and hire costs overspends of £169k, equipment leasing overspend of £53k, various minor variations totalling £147k, offset by additional recycling credits £280k, all arising prior to the commencement of the Enterprise Contract and use of earmarked reserves £43k.

3.2.7 **Town Centre Management (Red)** Car Park daily ticket income has reduced by £155k. This is due to a 2.3% downturn trend in the usage of car parks and because of the

Council absorbing the change in VAT rate. Market stall income has also reduced and is forecast to be under by £45k. A number of other small reductions in income make up the difference involving the bus station and town centre business contributions.

- 3.2.8 **Head of Planning (Blue)** The level of Development Control fee income is over performing the budget by £117k.
- 3.2.9 **Head of Regeneration and Development (Blue)** The successful outcome from a ground rent review has meant that external rent income is over performing by £319k. Offsetting this underspend is a £90k under-achievement of property rental income due to higher vacancies.
- 3.2.10 **Borough Solicitor** The use of a locum Principal Solicitor to cover a vacant post has resulted in a cost greater than budgeted.
- 3.2.11 The **Debt Financing (Blue)** manager is forecasting an underspend of £380k. This is due to an over achievement of investment income as a result of higher balances during the year due mainly to capital carry forward, so has no impact for 2012/13. There is also a technical financing adjustment which contributes to this saving.

3. Total HRA Revenue Controllable Budget (Blue)

- 3.2.12 Managers are currently reporting an under spend of £14k on the HRA. This is after a £520k underspend on HRA Subsidy due to adjustments in Capital Allowance calculations, a £119k overspend on General Management relating to Housing IT systems upgrades, revised forecast contribution to earmarked reserves of £650k, an underspend on Repairs and Maintenance relating to employees and other minor variations.

4. 2010/11 GF Savings and Efficiency Targets

- 3.2.13 Managers are currently forecasting these savings targets as being on target for 2011/12.

3.2.14 Capital Programme Budgets

General Fund

- 3.2.15 Managers are currently forecasting the General Fund capital programme as being underspent by £22k on various projects. There is also forecast carry forward to 2012/13 of £288k, mainly on the Northampton Skatepark project.

Housing Revenue Account (HRA)

- 3.2.16 Managers are currently forecasting the HRA capital programme as being on track with no carry forward.

3.2.17 Data Quality

The Council has processes in place to ensure that the data and information it provides to support management decision making is as reliable as possible. The Council has a strategy to improve data quality and service areas are working to achieve the objectives within it. This is closely linked to the Council's risk assessment processes and is monitored each month as part of the Council's Performance Management Framework.

3.3 Choices (Options)

- 3.3.1 Cabinet is asked to note the reported position.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The Council agreed a balanced budget for the Capital Programme and Revenue budgets for HRA and General Fund in February 2011. The monitoring of delivery of the budget is through the budget monitoring framework.
- 4.1.2 Corporate measures are monitored regularly to track progress towards delivering our priorities, as detailed in the Council's Corporate Plan. Service areas annually develop objectives, measures and targets to ensure the delivery of the Corporate Plan through the service planning process. The monitoring of progress is through the Performance Management Framework.

4.2 Resources and Risk

- 4.2.1 This report informs the Cabinet of the forecast outturn positions for capital and revenue, HRA and General Fund as at the end the period. It also highlights the key risks identified to date in delivering those budgets and where performance measures are significantly over or under performing.
- 4.2.2 There will be an ongoing impact in future years of not achieving the savings within the 2011/12 budget, particularly where services move outside the direct control of NBC.
- 4.2.3 All objectives, measures and actions within the Service Plans are risked assessed and challenged before final approval. The challenge process includes the agreement of performance targets and the capacity / ability to deliver the plans with appropriate resource set aside to do so.

4.3 Legal

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

4.4 Equality

- 4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

- 4.5.1 Heads of Service and Budget Managers and Management Board are consulted as part of the budget and performance monitoring process on a monthly basis.
- 4.5.2 Performance data (financial and non financial) is published on the NBC website.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 Performance monitoring (financial and non financial) by exception and using it to improve performance is good practice in terms of efficient and effective management. It focuses on the key areas and therefore contributes directly to the priorities of sustaining "effective and prudent financial management" and being "an agile transparent organisation with good governance".

4.7 Other Implications

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

5. Background Papers

- 5.1 Cabinet and Council Budget and Capital Programme Reports February 2011.
- 5.2 Finance Monitoring Dashboard to the end of May 2011 report to Cabinet
- 5.3 Corporate Performance All Measures Report to the end of October 2011.

Dale Robertson, Head of Performance and Change, 01604 837110
Isabell Procter, Director of Finance and Support, 01604 838757
Management Board, C/o David Kennedy, Chief Executive, 01604 837726



Appendix 1

Corporate Performance Highlight Report

Page 2 You

Page 3 Your Town

Page 4 Your Council



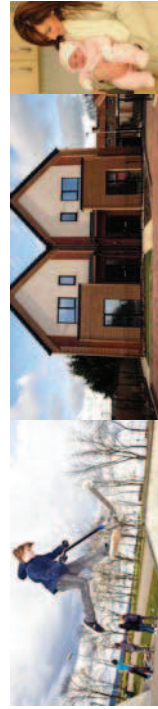
**NORTHAMPTON
BOROUGH COUNCIL**

In October 2011 Northampton Borough Council undertook full data quality and validation of Corporate performance measures. Following this process the report may contain revised figures when compared to earlier reports. Further data validation processes are being implemented by Northampton Borough Council for Leisure Trust and Environmental Services Contract measures. Data in future reports may change following this process.

YOU

Key










-  Exceptional or over performance
-  Outside agreed target tolerance
-  Good to be low: Better
-  Good to be low: Worse
-  Good to be High: Better
-  Good to be High: Worse
-  No change
-  No target available
-  No data available



Supporting you when you need it

Ensuring homes are available for local people

Encouraging healthy, active, green living

YOU: RED measures									
Measure ID & Name	Jul 11 YTD	Oct 11 YTD	Dec 11 YTD	Mar 12 YTD	Latest YTD Oct 2011	Current YTD Profiled Target Oct 2011	Annual Target Mar 2012	DOT v/s same time last yr	
HI 36 Number of affordable homes delivered (NI 155)(Q)	0	7	-	-		10	100		
a) Performance update and actions The target for the month was exceeded, however the overall yearly target has not been achieved. There is still confidence that the year end figure of 100 Affordable Homes completions will be achieved									
YOU: BLUE measures									
Measure ID & Name	Jul 11 YTD	Oct 11 YTD	Dec 11 YTD	Mar 12 YTD	Latest YTD Oct 2011	Current YTD Profiled Target Oct 2011	Annual Target Mar 2012	DOT v/s same time last yr	
HI 07 Number of households living in temporary accommodation (NI156) (M)	33	33	-	-		60	75		
a) Performance update and actions The number of households in TA now includes 6 families in Council Stock - we currently have 27 households in B&B. The use of Bed and Breakfast nationally has increased by 66% and Northampton has the 8th best homeless prevention figures in the Country. Bed and Breakfast accommodation is used as emergency accommodation only after all other options have been explored.									
HI 09 Homeless households for whom casework advice resolved their situation (M)	790	1,371	-	-		1,138	2,000		
a) Performance update and actions The monthly figure has reduced as we are no longer in partnership with Delta Loans (Small loans for home setup, or homeless prevention), we cannot include their figures. The annual target does not take the cessation of the Delta Loans partnership into account.									
Bigger is Better LT02 Total No. of people enrolled in swimming program	1,788	3,666	-	-		3,500	7,400		
a) Performance update and actions On target to reach 2000 students on our swimming lessons by the end of the year. Increased lessons and the launch of the Junior Direct Debit has contributed to this growth									
Smaller is Better RB01 Time taken to process Housing Benefit/CTB new claims and change events (M)	12.6	10.7	-	-		11.8	11.0		
a) Performance update and actions Performance continues to be stable and above target. This is due to the hard work of the teams. They have adapted well to the recently implemented changes that have improved systems and processes. It is forecasted that these performance levels can be maintained and targets met.									

YOUR TOWN



Key

- Exceptional or over performance
- ▲ Outside agreed target tolerance
- ✔ Good to be low: Better
- ✘ Good to be low: Worse
- ✔ Good to be High: Better
- ✘ Good to be High: Worse
- ➔ No change
- ! No target available
- ? No data available

Helping create a clean, green and safe Northampton
 Delivering inviting and enjoyable open spaces
 Driving the development of a confident, ambitious, successful Northampton

YOUR TOWN: RED measures										
Measure ID & Name	Jul 11 YTD	Oct 11 YTD	Dec 11 YTD	Mar 12 YTD	Latest YTD Oct 2011	Current YTD Profiled Target Oct 2011	Annual Target	DOT v's same time last yr		
Smaller is Better ESC01 No. of missed Bins/Boxes as a % of those collected	0.15	0.09	-	-	-	0.02	0.02	?		
a) Performance update and actions There is a general decreasing trend in the numbers of missed bins. This is due to numerous service improvements being implemented in recent months.										
Smaller is Better ESC03 No KG household waste collected, not sent for reuse, recycling or not composted (NI191) (M)	7,379,270	18,409,680	-	-	-	15,490,351.80	30,411,311.40	?		
a) Performance update and actions Although off track against target, Performance is showing an overall improvement compared with 2010-11. In addition, the last 3 months are showing a downward trend (good) approaching target. This is due to the additional recycling materials being removed from black bin collections.										
Bigger is Better ESC04 % household waste recycled and composted (NI192)	45.41	44.43	-	-	-	47.00	47.00	?		
a) Performance update and actions Performance is slightly off target, however is showing a good improvement since pre-contract where the performance was approx 36%. The main contributing factors for the under performance is the Food Waste Collection Initiative, which was not implemented as planned, and the reduction in garden waste in October vs September.										
Smaller is Better ESC07 % of Land and Highways assessed with litter falling below acceptable level - Graffiti (NI195c)	2.50	2.50	-	-	-	2.00	2.00	?		
a) Performance update and actions Performing slightly off track. A review of work patterns has taken place for the graffiti removal crews and we are confident we will meet year end target in relation to this measure.										
Smaller is Better ESC08 % of Land and Highways assessed with litter falling below acceptable level- FlyPosting (NI195d)	0.33	0.33	-	-	-	0.00	0.00	?		
a) Performance update and actions For Cabinet Reporting purposes October 2011 YTD shows July 2011 data, the latest reporting period for this measure. Performance in this measure has been affected by the high volume of events, advertised by fly-posting, that took place around the town during the period of assessment.										
Smaller is Better ESC12 Level of quality against an agreed standard - Open Spaces & Parks - Graffiti and Fly Posting	8.33	5.56	-	-	-	2.00	2.00	?		
a) Performance update and actions Despite being off target there has been improvement Q1 to Q2. This is largely due to the closer working relationships between the parks and cleansing operatives, resulting in improved reporting and removal of both fly posting and graffiti.										
Due to the low number of available transects, this measure has been combined with Daventry District Council from July. For Reference: NBC Targets have been used										
Smaller is Better ESC14 No. of overall complaints	412	716	-	-	-	500	1,000	?		
a) Performance update and actions										

YOUR TOWN: BLUE measures										
Measure ID & Name	Jul 11 YTD	Oct 11 YTD	Dec 11 YTD	Mar 12 YTD	Latest YTD Oct 2011	Current YTD Profiled Target Oct 2011	Annual Target Mar 2012	DOT v/s same time last yr		
Smaller is Better ESC05 % of Land and Highways assessed with litter falling below acceptable level - Litter (NI195a)	4.00	4.00	-	-	-	5.00	5.00	?		
a) Performance update and actions For Cabinet Reporting purposes October 2011 YTD shows July 2011 YTD data, the latest reporting period for this measure. Despite the assessments taking place during a period containing the school holidays, a particularly challenging time, performance was significantly better than target.										
Smaller is Better ESC06 % of Land and Highways assessed with litter falling below acceptable level - Detritus (NI195b)	7.50	7.50	-	-	-	8.00	8.00	?		
a) Performance update and actions For Cabinet Reporting purposes October 2011 YTD shows July 2011 YTD data, the latest reporting period for this measure. The strong performance is because we have identified areas that had a poorer score previously, targeting resources in these areas.										
Smaller is Better ESC10 Level of quality against an agreed standard - Open Spaces & Parks - Litter	3.33	0.00	-	-	-	5.00	5.00	?		
a) Performance update and actions For Cabinet Reporting purposes October 2011 YTD shows September 2011 YTD data, the latest reporting period for this measure. The strong performance is due to the fortnightly employment of a big sweeper in the parks and the assignment of one, or more, members of staff to litter duty. Due to the low number of available transects, this measure has been combined with Daventry District Council from July. For Reference: NBC Targets have been used										
Smaller is Better ESC11 Level of quality against an agreed standard - Open Spaces & Parks - Detritus	5.00	1.39	-	-	-	8.00	8.00	?		
a) Performance update and actions For Cabinet Reporting purposes October 2011 YTD shows September 2011 YTD data, the latest reporting period for this measure. The strong performance is due to the fortnightly employment of a big sweeper in the parks. Due to the low number of available transects, this measure has been combined with Daventry District Council from July. For Reference: NBC Targets have been used										
Smaller is Better PP08 % change in most serious violence from the baseline (M)	-7.14	-7.14	-	-	-	-2.90	-5.00	?		
a) Performance update and actions Most serious violence continues to be reduced beyond annual target value of 5%. Police Op Lapland now commenced (21/10/11) focussing on reducing violence in town centre night time economy in the run up to Christmas. A&E data has been improved and is informing partnership operations in addition to police data.										
Bigger is Better TCO01 Number of events delivered in partnership: Town Centre (Q)	3	6	-	-	-	4	6	?		
a) Performance update and actions Three events held as follows: Umbrella Fair Riverside Festival Dragon Boat Festival										

YOUR COUNCIL



Being a responsive council
 Providing quality services
 Satisfying our customers

Key

- Exceptional or over performance
- Outside agreed target tolerance
- Good to be low: Better
- Good to be low: Worse
- Good to be High: Better
- Good to be High: Worse
- No change
- No target available
- No data available

YOUR COUNCIL: RED measures

Measure ID & Name	Jul 11 YTD	Oct 11 YTD	Dec 11 YTD	Mar 12 YTD	Latest YTD Oct 2011	Current YTD Profiled Target Oct 2011	Annual Target Mar 2012	DOT v/s same time last yr
Smaller is Better BV012 The number of working days / shifts lost to sickness absence (M)	3.54	6.40	-	-		5.25	9.00	
a) Performance update and actions Sickness levels, Return to Work interview, performance and sickness trends are monitored monthly.								
A Stress Awareness day took place on 2 November 2011. as mental health, stress and anxiety is still the highest reason for long-term absence. Influenza vaccinations are to be offered to all employees who are not already eligible for this vaccination, in a bid to reduce the number of sickness absences during the coming winter months.								
Smaller is Better BV012_12r Ave. no. of days/shifts lost to sickness for rolling 12 month period (M)	12.14	12.35	-	-		9.42	9.00	
a) Performance update and actions Sickness levels, Return to Work interview, performance and sickness trends are monitored monthly.								
A Stress Awareness day took place on 2 November 2011. as mental health, stress and anxiety is still the highest reason for long-term absence. Influenza vaccinations are to be offered to all employees who are not already eligible for this vaccination, in a bid to reduce the number of sickness absences during the coming winter months.								
Bigger is Better CEX02 Percentage of Local Government Ombudsman correspondence dealt with on time (M)	0.0 %	50.0 %	-	-		100.0 %	100.0 %	
a) Performance update and actions Two enquiries dealt with; one in target and one out. The numbers are low which is positive but unfortunately one was out of target time.								
Update 28/11/11 - Reason for delay is the service area (Housing) has not responded, due to part complexity and time issues. This is with the Chief Executive for review and will be responded to accordingly.								
Bigger is Better CS05 Percentage satisfied with the overall service provided by the Customer Service Officer (M)	84.67	81.69	-	-		90.00	90.00	
a) Performance update and actions Dissatisfaction was highest among Housing respondents. customers were unhappy that there were not enough properties available and thought that there needed to be more housing staff. Respondents were also unhappy that their calls to Env Health could not be resolved at the first point of contact. (45% of all respondents rated the service provided by Customer Services officers as 10/10)								
Bigger is Better CS13 Percentage of ALL calls into the Contact Centre answered (M)	78.09	82.93	-	-		95.00	95.00	
a) Performance update and actions October performance was very slightly down (0.4% across all services areas) on September. This can be attributed to a very high level of cross team training (442.25 hours) in October as Customer Services pushes forward with its training programme.								
November forecast is for a slight improvement, which should continue as we move towards the end of the financial year.								
Bigger is Better CS14 One-Stop shop: Percentage of all cust. waiting less than 15 mins (excl. licensing) (M)	75.01	77.65	-	-		95.00	95.00	
a) Performance update and actions The cross training programme is adversely affecting performance. Urgent measures are in place to adjust customer flow to remedy the issue and								

early signs to date show a slight but increasing improvement. Daily performance meetings are being undertaken and tactics are being reviewed for efficiency and improvements.

Bigger is Better
 FIN27 NBC procurement savings for the year against costs of NBC procurement (M)

£118,918 £178,459

- -



£215,833



£370,000

a) Performance update and actions

The council has seen a reduction in savings achieved due to a dramatic reduction in the use of Agency Temporary Staff as a result of the outsourcing of Waste Collection and grounds Maintenance. The outsourcing has reduced the volumes of required Agency Temporary Staff which has adversely impacted on the actual savings achieved which has reduced from circa £60-70K to less than £20K per month.

Other savings made in October include: Dermgate re-roofing, First Care, and Rail Warrants,

Smaller is Better

HI 04 Percentage void rent loss (M)

2.06 1.59

- -



1.40

1.00



a) Performance update and actions

A new report has been developed to calculate this PI. The report was run during November and provides void rent loss data from the start of the financial year. All previous months data has therefore been updated in line with the new report.

Note: Robinson House flats (a block due for demolition) were taken out of debit during October. This has had a positive impact on performance as void rent loss attributed to these flats is no longer included within this years PI calculation. Because these properties have not been available for rent, excluding them from the PI calculation is consistent with the PI definition.

YOUR COUNCIL: BLUE measures

Measure ID & Name	Jul 11 YTD	Oct 11 YTD	Dec 11 YTD	Mar 12 YTD	Latest YTD Oct 2011	Current YTD Profiled Target Oct 2011	Annual Target Mar 2012	DOT v/s same time last yr
Smaller is Better RB07 Total % of debt outstanding, not in recovery and overdue (M)	6.53	6.41	-	-	-	8.80	8.00	
a) Performance update and actions Performance remains ahead of target. We continue to monitor closely the individual levels of each of the areas that make up this measure, all of which are closely matching projections.								

Appendices: 1



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	Internal Audit Progress Report
---------------------	--------------------------------

AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	9 January 2012
Policy Document:	NO
Directorate:	Finance and Support
Accountable Cabinet Member:	Councillor Alan Bottwood

1. Purpose

1.1 To provide the Audit Committee with a report summarising progress made against the approved internal audit plan for 2011/12.

2. Recommendations

2.1 Receive the report.

3. Issues and Choices

3.1 Report Background

3.1.1 The report is produced to inform the Committee on internal audit activity in the current year up to the date of the Committee meeting.

3.2 Issues

3.2.1 As detailed in the report

3.3 Choices (Options)

3.3.1 N/a

4. Implications (including financial implications)

4.1 Policy

4.1.1 No implications other than enabling monitoring of internal audit reporting performance.

4.2 Resources and Risk

4.2.1 Risks may be highlighted as a result of audit issues being reported.

4.3 Legal

4.3.1 N/a

4.4 Equality

4.4.1 N/a

4.5 Consultees (Internal and External)

4.5.1 Director of Finance and Support and Head of Finance.

4.6 Other Implications

4.6.1 N/a

5. Background Papers

5.1 Appendices to the report

- Appendix 1 –Internal Audit Progress Report

Chris Dickens
Senior Manager
PricewaterhouseCoopers LLP
01509 604041

Internal audit progress report for Audit Committee

January 2012



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Plan outturn

2011/12 Audit Plan

We have undertaken work in accordance with the 2011/12 Internal Audit Plan which was presented to the Audit Committee at its meeting in March 2011.

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At present we have completed, at the time this report was produced, **173 days out of a total planned 286 days (60%)**. This is in line with the agreed profile. We commit to completing our plan by the year end.

Reporting Activity and Progress

TeamCentral Report

We have included a report in Appendix 2 detailing progress against recommendations raised within our 2011/12 audit work.

2011/12 Plan Outturn

We have undertaken work in accordance with the 2011/12 Internal Audit Plan which was presented to the Audit Committee at its meeting in March 2011.

We have issued final reports for the following reviews:

Grosvenor Car Park Cash Collection

In November 2011 following a management request, we undertook a review of the manual cash collection process at Grosvenor car park. The car park ticket machines in the Grosvenor car park had stopped working and as a result cash was being collected manually from vehicle drivers. Management were seeking assurance that the manual controls were appropriate as replacement of the machines was expected to take a number of weeks.

The key findings were:

- the manual cash collection at Grosvenor car park is conducted by security guards employed by G4S;
- the cash collection process has documented procedure notes developed by G4S. We observed the process and confirmed that it was working in accordance with the procedures;
- the use of the G4S security guards has a weekly cost of approximately £1,700; and
- the car park now closes at 16:30 rather than 18:00, the closing time prior to implementation of the manual process. Therefore the Authority is losing some income from the early closure although no data is available to quantify this loss.

We identified control issues around:

- lack of cash counting during handovers between staff;
- lack of reconciliations between income and cash banked; and
- insufficient controls around recording unsold tickets.

We identified recommendations to improve control for these and car park management have confirmed that these recommendations have been implemented.

HRA Business Planning

The Authority has developed a model to consider the impact of reform on the HRA. We reviewed this model in conjunction with specialists in this field and considered the impact on future financing decisions. Our work was performed on the Councils base model (v15 – October 2011)

Based on the work performed, it is evident that the model is robust and does not contain any significant errors or omissions. Our review of the assumptions identified that the base model did not factor any large capital projects into the forecast however subsequent reiterations are considering work in this area. A number of the assumptions used in the model, differ from those used by Government in their planning process e.g. rent increases and voids. Whilst assumptions can be tailored, the Authority should look to provide representation on the rationale for these within the HRA Business Plan.

Current fieldwork

We have recently completed our fieldwork for the core financial systems review and anticipate issuing a draft report shortly.

We are currently conducting reviews of housing rents, IBS creditors, budgetary control and housing benefits.

Appendix A – Plan Outturn Statement

Auditable Unit	2011/12				Planned audit days	Actual Audit Days	Progress
	Q1	Q2	Q3	Q4			
Cross-cutting							
Risk Management and Business Continuity		×			5	5	Final report
Procurement		×			10	10	Final report
Treasury Management		×			5	5	Final report
Budgetary Control				×	8	1	Scoping commenced
General Ledger			×		8	7	Draft report
Debtors			×		6	5	Draft report
Creditors (Agresso)			×		6	5	Draft report
Creditors (IBS)			×		8	6	Fieldwork completed
Payroll			×		10	9	Draft report
Fixed Assets				×	6	-	Quarter 4
Cash and Banking			×		10	9	Draft report
Expenses		×			7	7	Final report
Housing Benefits				×	8	1	Scoping commenced
Housing rents			×		10	8	Fieldwork completed
Debt Recovery				×	7	1	Scoping commenced
Partnership Arrangements				×	8	1	Scoping commenced
Sub Total					122	80	
Departmental							
Human Resources – Induction Training				×	8	1	Scoping commenced
Human Resources - Recruitment	×				8	8	Final report
Customer Services and ICT - IT reviews				×	15	1	Scoping commenced
Landlord Services – Decent Homes – contract management/monitoring arrangements			×		10	8	Draft Report
Strategic Housing - Voids	×				10	10	Final report
Planning applications				×	10	1	Scoping commenced
Regeneration and Development – Development governance		×			10	8	Draft report

Auditable Unit	2011/12				Planned audit days	Actual Audit Days	Progress
	Q1	Q2	Q3	Q4			
Culture and Leisure – Leisure Trust contract management/monitoring arrangements			x		10	8	Draft report
Corporate Performance and Change - <i>Performance Management Framework</i> -Oversight of data quality and performance management and arrangements for performance related pay				x	10	1	Planning meeting held
Corporate Performance and Change - <i>Project governance</i> – Specific review of Electronic Data Management System (EDMS) project				x	5	1	Scoping commenced
Sub Total					96	47	
Value Enhancement							
Anti-fraud and corruption training (Members and Officers)			x		10	10	Completed
Governance survey				x	10	-	Quarter 4
Audit Committee Effectiveness Training	x				2	2	Completed
Environmental Services Contract Review			x		10	8	Draft report
HRA –Business Plan assumptions review		x			5	5	Final Report
Sub Total					37	25	
Project Management/Other							
Follow Up - Procurement				x	3	-	Quarter 4
Teamcentral	x	x	x	x	10	7	Reports added to Teamcentral
Audit Management	x	x	x	x	18	14	-
Sub Total					31	21	-
Grand Total					286	173	60% Completed

Adjustments to the Plan

Review	Additional Days	Reduced days	Comments
Removed from the plan			
Asset Management		-8	Removed from plan - timing for the review is not appropriate at the moment (due to significant changes which have occurred in the Department) To be considered as part of 2012/13 audit plan
Community Assets		-5	Community asset programme delayed hence audit input required later To be included in 2012/13 audit plan
Planning - change of scope		-8	Locally set planning fees has been removed as there has yet to be a government decision on this WNDC Development governance removed as CLG are performing a review of this. Instead of the two reviews set out in the plan, a review of the control design and operation of the new planning process (set up for applications previously dealt with by WNDC) will be performed in February (plan updated for this) This has a net effect of reducing the planned days by 8.
Added to the plan			
Debt recovery 2010/11	1		Number of extra meetings and report versions required to finalise this report
Grosvenor Car Parking	3		Specific review of cash collection requested by the Director of Finance and Head of Finance Final Report issued
Performance Indicators	15		Additional audit work requested by Housing department to help validate performance indicators Fieldwork underway
Total	19	-21	
Grand Total		-2	

Appendix B – Teamcentral Report Summary

Summary of 2010/11 recommendations

Year	Number of recommendations made	Implemented / Closed	Outstanding
2010/11	134	126	8 – (5 overdue)

- Only finalised reports are being tracked through Teamcentral
- There are 5 overdue recommendations. We are liaising with management to obtain updates on these and progress will be monitored. The 5 overdue recommendations are for:
 - Project Governance – (1 recommendation)
 - Debt Recovery – (2 recommendations)
 - Carbon Reduction Commitment – (2 recommendations)

The progress against these will be reported to the next Audit Committee and any overdue recommendations will be highlighted.

Summary of recommendations 2011/12 (final reports only)

Review title and number of recommendations in the final report	Responsible Head of Service	Total Outstanding	Outstanding and Overdue	Outstanding but not yet due	Total Implemented
11_12 NBC 01 - Procurement (20)	Bill Lewis	9	0	9	11
11_12 NBC 02 - Voids (7)	Christine Ansell	5	2	3	2
11_12 NBC 03 – Recruitment (4)	Catherine Wilson	0	0	0	4
11_12 NBC 04 – Treasury Management (2)	Bill Lewis	0	0	0	2
11_12 NBC 05 – Expenses (3)	Bill Lewis	0	0	0	3
11_12 NBC 06 - Risk Management and BC Planning (2)	Bill Lewis *	2	1	1	0

***The overdue recommendation for risk management and business continuity planning relates to environmental services which falls under Julie Seddon’s remit.**

There are 3 overdue recommendations. We are liaising with management to obtain updates on these and progress will be monitored. **One of the overdue recommendations relates to inaccuracy of management information for Voids reporting. This was rated as a high risk issue and management agreed to implement this by 30th November 2011.**

Progress against these will be reported to the next Audit Committee and any overdue recommendations will be highlighted.

In the event that, pursuant to a request which Northampton Borough Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PricewaterhouseCoopers (PwC) promptly and consult with PwC prior to disclosing such report. Northampton Borough Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Northampton Borough Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Northampton Borough Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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Appendices: 2



NORTHAMPTON
BOROUGH COUNCIL

AUDIT COMMITTEE REPORT

Report Title	External Audit Update
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	9 th January 2012
Policy Document:	No
Directorate:	Finance and Support
Accountable Cabinet Member:	Cllr Alan Bottwood

1. Purpose

- 1.1 To provide a written and verbal update on the progress of external audit plans and to present the Certification of Claims and Returns Annual Report 2010/11.

2. Recommendations

- 2.1 To note the progress of external audit plans as presented to the Committee by the Council's external auditors; and
- 2.2 To receive the Certification of Claims and Returns Annual Report 2010/11.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Council's external auditors, the Audit Commission, audit the Statement of Accounts and major grant claim and returns. The Certification of Claims and Returns Annual Report summarises the external auditor's findings regarding all audited claims and returns.

3.2 Issues

- 3.2.1 The Council has now received the Certification of Claims and Returns Annual Report 2010/11 (attached at Appendix 1) and the external auditors will provide the Audit Committee with a verbal update on progress.
- 3.2.2 In the report, the external auditor states "The Council has performed strongly in preparing claims and returns" and adds "The Council's arrangements for

the preparation and submission of grant claims are good. All claims and returns were supported by clear and comprehensive working papers.

3.2.3 There are no recommendations for improvement contained within the report.

3.2.4 A progress update from the Council's external auditor is attached at Appendix 2.

3.3 Choices (Options)

3.3.1 To comment on the letter and to question the Council's external auditors on any matters arising.

4. Implications (including financial implications)

4.1 Policy

4.1.1 None.

4.2 Resources and Risk

4.2.1 There are no specific resources and risk implications arising from this report.

4.3 Legal

4.3.1 There are no specific legal implications arising from this report.

4.4 Equality

4.4.1 There are no specific equalities implications arising from this report.

4.5 Consultees (Internal and External)

4.5.1 None.

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Protecting and enhancing the reputation of Northampton Borough Council.

4.7 Other Implications

4.7.1 Not applicable

5. Background Papers

Appendix 1 – Certification of Claims and Returns Annual Report 2010/11

Appendix 2 – Progress Report

Bill Lewis
Head of Finance, ext 7167

Certification of claims and returns - annual report

Northampton Borough Council

Audit 2010/11



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Introduction

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and are required to complete returns providing financial information to government departments. My certification work provides assurance to grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable. This report summarises the outcomes of my certification work on your 2010/11 claims and returns.

Under section 28 of the Audit Commission Act 1998, the Audit Commission may, at the request of authorities, make arrangements for certifying claims and returns because scheme terms and conditions include a certification requirement. Where such arrangements are made, certification instructions issued by the Audit Commission to its auditors set out the work auditors must do before they give their certificate. The work required varies according to the value of the claim or return and the requirements of the government department or grant-paying body, but in broad terms:

- for claims and returns below £125,000 the Commission does not make certification arrangements and I was not required to undertake work;
- for claims and returns between £125,000 and £500,000, I undertook limited tests to agree form entries to underlying records, but did not undertake any testing of eligibility of expenditure; and
- for claims and returns over £500,000 I planned and performed my work in accordance with the certification instruction to assess the control environment for the preparation of the claim or return to decide whether or not to place reliance on it. Depending on the outcome of that assessment, I undertook testing as appropriate to agree form entries to underlying records and test the eligibility of expenditure or data.

Claims and returns may be amended where I agree with your officers that this is necessary. My certificate may also refer to a qualification letter where there is disagreement or uncertainty, or you have not complied with scheme terms and conditions.

Summary of my 2010/11 certification work

The Council has performed strongly in preparing claims and returns.

The Council's arrangements for the preparation and submission of grant claims are good. All claims and returns were supported by clear and comprehensive working papers. My work gave rise to only minor amendments to two of the six claims and returns for the year ended 31 March 2011. In no cases did I have to issue a qualification letter.

Table 1: Summary of 2010/11 certification work

Number of claims and returns certified	
Total value of claims and returns certified	£188.9 million
Number of claims and returns amended due to errors	Two
Number of claims and returns where I issued a qualification letter because there was disagreement or uncertainty over the content of the claim or return or scheme terms and conditions had not been complied with	None
Total cost of certification work (to date)	£32,477

I did not identify any issues that are likely to have a significant impact on current or future claims or the Council's overall financial statements. Consequently, there are no recommendations included in this report. Furthermore, there are no recommendations to follow up from my certification work in prior years.

I am grateful for the assistance and cooperation of the Council's staff during the course of my work.

Results of 2010/11 certification work

This section summarises the results of my 2010/11 certification work and highlights the significant issues arising from that work.

Amendments were relatively minor and none of the claims were qualified. All matters arising from my work have been discussed and agreed with officers and there are no recommendations for improvement within this report.

Claims subject to full testing are set out in table 2 below.

Table 2: Claims and returns above £500,000

Claim or return	Value of claim or return presented for certification (£'000)	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Housing and council tax benefit (HCTB) scheme	£80,782,098	No. The Department for Work and Pensions (DWP) does not allow reliance on the control environment for the HCTB subsidy return.	£379	No
Pooling of housing capital receipts	£1,225,624	Yes	None	No
HRA negative subsidy	£10,055,950	No. Detailed testing was	None	No

Claim or return	Value of claim or return presented for certification (£'000)	Was reliance placed on the control environment?	Value of any amendments made	Was a qualification letter issued?
Housing finance base data return	Not applicable. The return has no direct monetary value.	undertaken in accordance with my cyclical plan. No. Detailed testing was undertaken to cover additional risks associated with the new entries for HRA self financing.	Three data entries were amended but the return has no direct monetary value.	No
National non-domestic rates return	£96,365,094	Yes	None	No

Housing and Council Tax Benefit

With the Council's agreement I arranged a joint approach to testing the HCTB claim in 2010/11. A local training workshop was organised for Council staff and all the initial testing was undertaken in-house. Following re-performance of a sample of cases I concluded that the testing had been undertaken in a timely and comprehensive manner and was fully supported by appropriate evidence. I was therefore able to place full reliance on the in-house testing, which has led to a significant reduction in the audit fee (see table 4).

Only one error was identified in the initial testing. This related to a processing error in respect of a non-HRA rent-rebate case. Officers carried out 100% testing of all similar cases which enabled me to conclude that this was an isolated error. The claim was amended to correct the error.

A further minor amendment was required in respect of an adjustment to backdated benefits which had been identified by officers but not applied to the claim.

Housing finance base data return

The return was amended to reflect a change to the data requirements in respect of loan premia. The changed definition was not fully reflected in the guidance notes accompanying the return and the Council had therefore continued to apply the previous definition. A further late change was identified by officers in respect of the entries for the HRA Capital Finance Requirement, which had been incorrectly entered as positive rather than negative figures.

Other claims

There were no matters arising from my certification work on any of the other claims and returns.

Claims subject to the limited testing regime are set out in table 3.

Table 3: **Claims between £125,000 and £500,000**

Claim or return	Value of claim or return presented for certification (£'000)	Value of any amendments made	Qualification letter
Disabled facilities	£479,000	None	No

Summary of certification fees

This section summarises the fees arising from my 2010/11 certification work and highlights the reasons for any significant changes in the level of fees from 2009/10.

Table 4: Summary of certification fees

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
Housing and council tax benefit scheme	£20,467	£25,860	Collaborative approach to initial testing.
Pooling of housing capital receipts	£487	£595	Detailed eligibility testing was not required this year in accordance with my cyclical plan. Reliance was placed on the Council's control environment.
HRA subsidy	£2,432	£2,975	Economies associated with the cumulative knowledge and experience of the audit team in the second year of our audit engagement.
Housing finance base data return	£2,247	£2,839	Economies associated with the cumulative knowledge and experience of the audit team in the second year of our audit engagement.

Claim or return	2010/11 fee	2009/10 fee	Reasons for changes in fee greater than +/- 10 per cent
National non-domestic rates return	£2,210	£4,191	Detailed eligibility testing was not required this year in accordance with my cyclical plan. Reliance was placed on the Council's control environment.
Disabled facilities	£259	£425	Economies associated with the cumulative knowledge and experience of the audit team in the second year of our audit engagement.
Supervision and review	£4,375	£5,212	Reflects an overall reduction in the amount of audit work arising from: application of a cyclical approach to detailed testing; greater reliance on the Council's control environment; and adoption of a collaborative approach to testing the HCTB claim.
Total	£32,477	£42,097	

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The Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body.



Progress report

Northampton Borough Council

Audit 2010/11 and 2011/12

December 2011



The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS Foundation trusts), police authorities and other local public services in England, and oversees their work. The auditors we appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

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Introduction

- 1 The purpose of this paper is to provide the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. It includes an update on the externalisation of the Audit Practice.
- 2 This paper also seeks to highlight key emerging national issues and developments which may be of interest to members of the Audit Committee.
- 3 If you require any additional information regarding the issues included within this briefing, please feel free to contact me or your Audit Manager using the contact details at the end of this update.
- 4 Finally, please also remember to visit our website (www.audit-commission.gov.uk) which now enables you to sign-up to be notified of any new content that is relevant to your organisation.

Neil Bellamy

District Auditor

15 December 2011

Performance against plans

5 The tables below show the current position on the main areas of our work for 2010/11 and 2011/12. Changes since our verbal progress report in November are shown in *italics*.

Table 1: **2010/11 Audit and inspection plan**

All 2010/11 work is complete

Area of work	Target completion date	Current position
Audit Plan (fee letter).	April 2010	● Complete. Fee letter issued 28 April 2010.
Use of Resources	September 2010	● All work ceased in May 2010 following the government's announcement to abolish Comprehensive Area Assessment (CAA). Work completed prior to abolition was used to support our 2009/10 VFM conclusion and reported in the Annual Governance Report on 23 September 2010. The Commission has agreed a fee rebate of 1.5%
Managing Performance Assessment	October 2010	● All work ceased for the same reason as above. The Commission will not charge the planned fee of £8,320
Joint working protocol - internal audit	-	● Complete. Issued 11 October 2010
Joint working protocol - financial statements	-	● Complete. Issued 26 January 2011
Audit Opinion Plan.	May 2011	● Complete. Issued 12 April 2011
Annual Governance Report.	September 2011	● Complete. Issued 23 September 2011

Area of work	Target completion date	Current position
Opinion on the financial statements and value for money conclusion.	September 2011	● Complete. Issued 28 September 2011
Annual Audit Letter.	December 2011	● Complete. Issued 20 October 2011
Certification of grant claims and returns: summary report.	February 2012	● Complete. <i>Issued 6 December 2011 and included on the agenda for this committee.</i>

Table 2: **2011/12 Audit plan**

All work is progressing according to plan

Area of work	Target completion date	Current position
Audit plan (fee letter).	April 2011	● Complete. <i>Initial fee letter issued 15 April 2011. Revised fee letter issued 2 June 2011.</i>
Audit opinion plan.	May 2012	● Not yet due. <i>Our interim audit is due to commence in the new year and any matters arising will be reported in the opinion plan. We will seek to place reliance on the work of Internal Audit wherever possible.</i>
Annual governance report.	September 2012	● Not yet due.
Opinion on the financial statements and value for money conclusion.	September 2012	● Not yet due.
Annual audit letter.	November 2012	● Not yet due. <i>Target date subject to change in light of the outsourcing timetable.</i>
Certification of grant claims and returns: summary report.	February 2013	● Not yet due. <i>Target date subject to change in light of the outsourcing timetable.</i>

Other Matters of Interest

Update on the externalisation of the Audit Practice

6 The Audit Commission's Chief Executive, Eugene Sullivan, wrote to clients on 21 September 2011 summarising the Department for Communities and Local Government's plans for externalising the Audit Commission's work that is currently undertaken by the Audit Practice.

7 The key points are:

- Contracts will be let from 2012/13 on a three- or five-year basis. The earliest you will be able to appoint your own auditors is therefore for the 2015/16 audit.
- The work is split into four regions, comprising ten 'lots'. Each lot will be awarded separately, but any individual bidder can only win a maximum of one lot in each region (i.e. four lots in total).
- The Commission is managing a fair and equitable procurement process to allow suitable private-sector providers the opportunity to bid.
- Bids are due in by mid-December 2011, with the contract awards planned for mid-February 2012, with formal Commission approval planned for late July 2012 following consultation.
- Appointments will start on 1 September 2012. As such, the Commission will extend the current audit appointment to allow any audit issues arising between 1 April 2012 and 31 August 2012 to be dealt with. The costs of this 'interim' audit role will be met by the Commission.
- Audit Practice staff in each lot area will in the main transfer to the successful bidders on 31 October 2012.

8 A further update was provided in Eugene Sullivan's letter to clients of 10 November 2011. Thirteen potential providers have now been invited to tender following the initial pre-qualification stage.

9 Further details are available on the Audit Commission's website. We will continue to keep you updated on developments.

10 Against this background, the Audit Practice's focus remains:

- Fulfilling our remaining responsibilities – completing our work for 2010/11 and delivering your 2011/12 audit - to the high standards you expect and deserve.
- Managing a smooth transition from the Audit Practice to your new audit provider.

Income Generation

11 Income from fees and charges is a key financial area for local authorities with the top ten income streams generating over £7 billion each year.

12 CIPFA has recently produced an updated guide to income generation and much has happened since the earlier editions were published in 2005 and 2008.

13 In 2011, organisations are looking at income in its widest sense as a key factor in their funding equation. The economic downturn has demonstrated the risks associated with excessive reliance on income from fees and charges. However, the Spending Review 2010 has motivated local authorities to evaluate robustly every possible funding source.

14 Rather than just focussing on savings, organisations are increasingly focussing on maximising their income generation opportunities.

15 This new 2011 edition should enable local authorities to make the most of their fees and charges potential. It provides a full update of the charging opportunities available as at March 2011, reflecting recent legislation and regulations.

Code on Data Transparency

16 On 29 September 2011 the Department for Communities and Local Government (DCLG) published the Code of Recommended Practice for Local Authorities on Data Transparency.

17 Subject to consultation, we understand that Ministers are minded to make this Code a legally binding requirement.

18 The Code requires local authorities to publish public data as soon as possible following production even if it is not accompanied with detailed analysis. Where practical, local authorities should seek to publish in real time. As a minimum, the public data that should be released are:

- expenditure over £500 (including costs, supplier and transaction information);
- senior employee salaries, names (with the option for individuals to refuse to consent for their name to be published), job descriptions, responsibilities, budgets and numbers of staff;
- an organisational chart of the staff structure of the local authority including salary bands and details of currently vacant posts;
- the 'pay multiple' - the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce;
- councillors' allowances and expenses;
- copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector;
- grants to the voluntary community and social enterprise sector should be clearly itemised and listed;
- policies, performance, external audits and key inspections and key indicators on the authority's fiscal and financial position;

- the location of public land and building assets and key attribute information that is normally recorded on asset registers; and
- data regarding the democratic running of the local authority including the constitution, election results, committee minutes, decision - making processes and records of decisions.

Guides to Local Government Finance

19 CIPFA has recently issued a comprehensive guide to Local Government finance. This guide reflects proposals for academies, HRA self financing, the future of local audit, police and crime commissioners and social care reform.

20 In addition to the above changes, the guide also looks at the impact the recent cuts have had on local authority finances.

21 In addition to the comprehensive guide, a shorter guide has also been prepared which is aimed specifically at members. It provides councillors with a brief overview of key facts, figures and requirements in relation to local government finance in a more user friendly and handy reference format.

Key Considerations

22 The Audit Committee may wish to consider the following questions in respect of the issues highlighted in this briefing paper.

- Has the Council reviewed CIPFA's guide on income generation and is the Audit Committee satisfied that all potential income sources have been identified?
- Has the Council adequate arrangements in place to ensure that it complies with the Code of Recommended Practice for Local Authorities on Data Transparency and that all published information is both accurate and complete?
- Have Members been provided with a copy of CIPFA's guide to Local Government finance?

Contact Details

23 If you would like further information on any items in this briefing, please feel free to contact either your District Auditor or Audit Manager.

24 Alternatively, all Audit Commission reports - and a wealth of other material - can be found on our website: www.audit-commission.gov.uk.

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