

# NORTHAMPTON BOROUGH COUNCIL



## COUNCIL

Monday, 23 February 2015

**YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON MONDAY, 23 FEBRUARY 2015 AT 6:30 PM WHEN THE FOLLOWING BUSINESS IS PROPOSED TO BE TRANSACTED**

- 1. DECLARATIONS OF INTEREST**
- 2. MINUTES.**  
To approve the minutes of the proceedings of the Meeting of the Council held on 19<sup>th</sup> January 2015.
- 3. APOLOGIES.**
- 4. MAYOR'S ANNOUNCEMENTS.**
- 5. PUBLIC COMMENTS AND PETITIONS**
- 6. COMMITTEE PROPORTIONALITY**  
(Copy to follow)
- 7. CORPORATE PLAN**  
(Copy herewith)
- 8. TREASURY MANAGEMENT STRATEGY**  
(Copy herewith)

9. **GENERAL FUND, REVENUE AND CAPITAL BUDGETS**  
(Copy herewith)
10. **HOUSING REVENUE ACCOUNT - RENT SETTING, REVENUE AND CAPITAL BUDGETS**  
(Copy herewith)
11. **COUNCIL TAX 2015-16**  
(Copy herewith)
12. **ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES**  
(Copy herewith)
13. **MATTERS OF URGENCY WHICH BY REASON OF SPECIAL CIRCUMSTANCES THE MAYOR IS OF THE OPINION SHOULD BE CONSIDERED.**

The Guildhall  
Northampton

D. Kennedy Chief Executive

### **Public Participation**

#### 1. Comments and Petitions

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

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

#### NOTES

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

#### 2. Member and Public Questions

- 2.1 A member of the public (or business ratepayer of the Borough) may ask a maximum of two written questions at each meeting, each limited to a maximum of 50 words, on any matter in relation to which the Council has powers. Each question shall:
- be submitted in writing and delivered, faxed or e-mailed to Democratic Services no later than 10.00am seven calendar days before the day of the meeting; and

- include the name and address of the questioner and the name of the Cabinet member/Committee Chair to whom the question is put.

2.2 At the meeting, copies of all questions and the responses to them from the public and Members will be made available to the public and press. The Mayor may allow one supplementary question, without notice, that arises directly from the original question or response.

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

### NOTES

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

### 3. Motions

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

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

### 4. General

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

### 5. Contacts

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

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## MINUTES

OF THE PROCEEDINGS OF A MEETING OF NORTHAMPTON BOROUGH COUNCIL HELD AT THE GUILDHALL, NORTHAMPTON, ON Monday, 19 January 2015 AT SIX THIRTY O'CLOCK IN THE EVENING

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

**COUNCILLORS:** Ansell, Aziz, Beardsworth, Begum, Bottwood, I. Choudary, N Choudary, Conroy, Davies, Eldred, Flavell, Ford, Glynane, Golby, Gowen, Hadland, Hallam, Hibbert, Hill, King, Larratt, Lynch, Mackintosh, Malpas, Markham, Mason, Mennell, Meredith, Nunn, Oldham, Palethorpe, Parekh, Patel, Sargeant, Stone, Strachan and Yates

### 1. DECLARATIONS OF INTEREST

Councillor Hadland declared a personal, non-pecuniary interest in Item 11 - Position Statement on the adoption of West Northamptonshire Joint Core Strategy Part 1 Local Plan, as a Member of the West Northants Joint Strategic Planning Committee.

Councillor Hibbert declared a personal, non-pecuniary interest in Item 9 - Appointments to Outside Bodies - Northampton Partnership Homes, as a Board Member of Northampton Partnership Homes.

Councillor Oldham declared a personal, non-pecuniary interest in Item 11 - Position Statement on the adoption of West Northamptonshire Joint Core Strategy Part 1 Local Plan, as a substitute Member of the West Northants Joint Strategic Planning Committee.

Councillor Nunn declared a personal, non-pecuniary interest in Item 11 - Position Statement on the adoption of West Northamptonshire Joint Core Strategy Part 1 Local Plan, as a Member of the West Northants Joint Strategic Planning Committee.

Councillor Bottwood declared a personal, non-pecuniary interest in Item 11 - Position Statement on the adoption of West Northamptonshire Joint Core Strategy Part 1 Local Plan, as a substitute Member of the West Northants Joint Strategic Planning Committee.

Councillor Mason declared a personal, non-pecuniary interest in Item 9 - Appointments to Outside Bodies - Northampton Partnership Homes, as a Board Member of Northampton Partnership Homes.

Councillor Golby declared a personal, non-pecuniary interest in Item 11 - Position Statement on the adoption of West Northamptonshire Joint Core Strategy Part 1 Local Plan, as a substitute Member of the West Northants Joint Strategic Planning Committee.

Councillor Beardsworth declared a personal, non-pecuniary interest in Item 9 - Appointments to Outside Bodies - Northampton Partnership Homes, as a Board Member of Northampton Partnership Homes.

Councillor N Choudary declared a personal, non-pecuniary interest in Item 9 - Appointments to Outside Bodies - Northampton Partnership Homes, as a Board Member of Northampton Partnership Homes.

## **2. MINUTES.**

The minutes of the meeting held on the 8<sup>th</sup> December 2014 were agreed and signed by the Mayor.

## **3. APOLOGIES.**

Apologies were received from Councillors Eales, Lane, Duncan and Subbarayan.

## **4. MAYOR'S ANNOUNCEMENTS.**

The Mayor announced that since the last Council meeting both Honorary Freeman Geoff Howes and Honorary Alderman Stan James has sadly passed away. Members from all parties paid tribute to them, both whom had dedicated their lives to local politics and Northampton.

The Mayor noted that the French Consul had visited on the 13<sup>th</sup> January 2015 and awarded 3 medals to ex-servicemen for their services to the French during World War 2 – the highest award that can be given by the French.

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

Mr Boulter addressed Council and stated that he was in favour of the recommendations in the report - Position Statement on the adoption of West Northamptonshire Joint Core Strategy Part 1 Local Plan and commented that Northampton South was an unsuitable area for a Sustainable Urban Extension (SUE) and would exacerbate existing traffic problems and congestion around the East Hunsbury area.

Dr Leads addressed Council and questioned whether it was ethical to develop and sell houses in an area where there are existing problems and stated that Councillors had a duty of care and could not choose to ignore problems. He further stated that the Planning Inspectors report had air-brushed over a number of concerns that had been raised and asked that they consider redistributing the builds in other areas.

Mr Johnson addressed Council and, referring to Item 11 on the agenda, stated that the allocation of the site for 1000 dwellings in Northampton south SUE was inconceivable and would cause traffic chaos. He stated that there had been numerous problems with flooding in Collingtree Park and near-flooding in Hunsbury and the nature of the brook was unknown and therefore dangerous to develop on.

Mr Sellers addressed Council and noted that the Joint Core Strategy needed to be fit for purpose and expressed concern about the current pollution levels in the area and

stated that he was unable to find any site more likely to encourage car use and thus potentially increasing air pollution.

Mr Brice, as the Chair of Collingtree Parish Council, addressed Council and stated that the Parish Council had been assured that expert advice had been received but noted that the area had been subject to flooding 5 times in 16 years and many residents had been left with flood related issues and insurance concerns.

Mr Cross (Chairman of Whitehills and Spring Park Residents Association – WASPRA) stated that they were not opposed to development but that residents had ongoing problems with traffic and whilst a Relief Road would help alleviate problems in surrounding areas and villages, but have a major impact on Whitehills and Spring Park. He further expressed concern that there was little joined up thinking with regards to modal shifts.

Ms Kelk (Hardingstone Parish Councillor) thanked the Members of the Planning Committee for rejecting the Planning Application and commented that over 1500 letters of objection had been sent. She commented that those she spoke on behalf of were not against development of houses, but that the proposed location was not the correct one.

Mr Pease addressed Council and commented that there had been much involvement from Action Groups who supported the stance of the Council reports recommendations. He noted that there was a 1.3km stretch of road between the Queen Eleanor Roundabout and the Newport Pagnell Road that had not been analysed and further reported that the projected figure for that length of road would be an over capacity of 21% by 2026 and that further development would only make the situation worse.

Mr Bell addressed Council and explained that Hardingstone Action Group were please when the Planning Committee refused the Sustainable Urban Extension and noted that there was real concern from residents about the increased flood risks and traffic problems and that local people had put their trust in the Planning Committee and thus supported the report's recommendations.

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

The Mayor advised that 2 questions had been received from Councillors and that the answers had been tabled in accordance with the Constitution. Questions and answers had given were as tabled (included in an updated agenda on the website) unless where stated, supplementary questions were asked, detailed below:

In response to a supplementary question asked, Councillor Hallam confirmed that the grass cutting had been carried out quite late in the year due to the weather, but that the same team were also responsible for the leaf collection but urged Councillor Mason to let him know of any specific areas affected by fallen leaves.

## **7. CABINET MEMBER PRESENTATIONS**

Councillor Mackintosh submitted his Cabinet Member report and explained that there had been an incident on Bridge Street and gave thanks to the Licensing Officers for their dedication and hard work. He noted that on the 12<sup>th</sup> January 2015 the new Railway Station had been opened and that it was a great facility for the Town Centre and had been completed and part of the Northampton Alive project. He further noted that the recent Cities Outlook report had rated Northampton as one of the best places for creating jobs and noted that 80% of homes and businesses in Northampton had access to superfast broadband. He explained that the French Consul had visited which had been successful and seen 3 people awarded medals, and the opportunity was given for condolences to be given with regards to the recent events in France. In response to questions asked Councillor Mackintosh confirmed that he had continued to have regular meetings with the Volunteers of Delapre Abbey (VODA). In response to question asked by Councillor Ashraf, it was explained that domestic violence rates had not been included in his report as they were released quarterly, but that any information that he had relating to the issue would be circulated to Members. In response to further questions, the Leader explained that marshals had been used when Abington Street was opened up to traffic as a precautionary measure and were afforded as the whole Abington Street project had come in under budget. Responding to a further question, he reported that he would look into the signage issues with regards to the free 2 hour parking on Abington Street and confirmed that it was always intended to have barriers. The Leader confirmed that bollards heading into shop frontages would be installed and expressed his appreciation of the work that had been carried out with the Northampton Association for the Blind.

Councillor Markham submitted her Cabinet Member report and explained that Northampton Partnership Homes had come into effect on the 5<sup>th</sup> January 2015 and would operate as an Arms Length Management Association; changes to Council housing belonging to the Council and tenants. In response to questions asked, Councillor Markham explained that the service would continue to function as it was and that she was not aware of any acute increases in private-rented sector evictions. She noted that there was continued work with the Fraud department as she had been made aware that some tenants had been requesting a 'Section 21' for eviction purposes as a means of getting on or prioritised on the Council House waiting list, and remarked that specific incidents should be shared with her in order to address the issue with expedience. In response to further questions, it was noted that the number of people living in Bed and Breakfast accommodation was 22, 3 of which had made themselves intentionally homeless.

Councillor Hallam submitted his Cabinet Member report and explained that The new service for clearing up fly-tipping from shared alleyways had been successful. He explained that Northampton in Bloom 2014 had been hugely successful and in 2014, Northampton had been placed in first position by East Midlands in Bloom and that plans for the next year were well underway. In response to questions asked, Councillor Hallam explained that the number of checks on taxi's had increased up to the run up for Christmas and commended the work of the Licensing Team for their work and that resources in that department were currently being looked at. He informed Councillor Meredith that he would look into the issues

he had raised with regards to chickens on allotments and would meet with him to discuss his concerns straight away. He further confirmed that the £25 bulk waste disposal charge could not be reduced due to a contract being signed 7 years ago under the previous administration.

Councillor Hadland submitted his Cabinet Member report and noted that the free parking over the Christmas period had been well received by visitors to the town centre and thanked all the members of staff who had worked hard to ensure that the car parking facilities were well run over the busy period. In response to questions raised, Councillor Hadland confirmed that there were no plans for development on Eagle Drive. He further confirmed that the parking on Abington Street was free, for 2 hours and that they were working with developers who were looking at submitting planning application in the future at the St Edmunds site. He further noted that whilst there was no formal agreement with Cosworth over the number of apprentices taken on, the company had a very good reputation in training and development and that provision of an expert to work with new businesses to assist them starting up was in its early stages but that every effort would be made to ensure adequate provision when the time came.

Councillor Eldred submitted his Cabinet Member report and commented that the pre-Christmas period had been hugely successful with the German Market and was pleased that Alfie Boe had agreed to attend Alive at Delapre in July 2015. He further noted that the work of the Forums was going well and reminded members that the grant process for 2015/16 was still open but the application process would end on the 30<sup>th</sup> January 2015. In response to questions asked, Councillor Eldred stated that there was a lot of work being carried out with the Friends of Northampton Castle in supporting the celebration of the Magna Carta and further information relating to it would be released in February 2015. He further commented that the administration would continue to support the Richard Butcher Memorial Trust.

## **8. OPPOSITION GROUP BUSINESS**

Councillor Beardsworth stated that in Northamptonshire there were 123 seats and that elections were held for 8 Councils and argued that the Liberal Democrats would like to see 3 unitary Councils. She explained that Oxfordshire were considering unitary status and noted that this could lead to less bureaucracy with services being better run and more joined up in its functions. She further stated that they would support a move back to the Committee System and that they would like to do so as a means of preserving front line services.

Councillor Mackintosh commented that he and his party were already delivering services and serving local residents and would continue to do so after the General Election.

Councillor Beardsworth commented that she and the Liberal Democrats would continue to work hard within their communities and with residents regardless of the forthcoming election.



## **9. APPOINTMENTS TO OUTSIDE BODIES - NORTHAMPTON PARTNERSHIP HOMES**

Councillor Mackintosh submitted a report which sought the approval to facilitate the replacement of Councillor Beardsworth as a Council nominated Director of Northampton Partnership Homes, to be replaced by Councillor Lane and that Councillor Ford be replaced as a council nominated Member of Northampton Town Supporters Football Club by Councillor Eldred

Councillor Markham seconded the report.

Councillor Beardsworth commented that she had always put the needs of the tenants first and that she had contributed a lot as a member of Northampton Partnership Homes. Councillor Marriott suggested that an independent person sit on the Board to ensure its non-political status and it was further commented that failure to declare an interest had contravened the Code of Conduct.

### **RESOLVED:**

1. That Councillor Beardsworth be replaced as a Council-nominated Director of Northampton Partnership Homes by Councillor Lane
2. Councillor Ford be replaced as a Council nominated Member of Northampton Town Football Supporters Club by Councillor Eldred

## **10. AMENDMENT TO THE CONSTITUTION - SCHEME OF DELEGATIONS**

Councillor Mackintosh submitted a report that sought approval to make changes to the Constitution to enable the Council to implements various aspects of the Anti-Social Behaviour, Crime and Policing Act 2014.

Councillor Markham seconded the report.

### **RESOLVED:**

1. That the Borough Secretary be authorised, in consultation with the Constitutional Review Working Party to amend part 8 of the Constitutional Scheme of Delegations to include provisions contained within the Anti-Social Behaviour, Crime and Policing Act 2014 and any subsequent amendments or statutory implementation of the Act and to enable appropriate delegations to be exercised by Northampton Partnership Homes in consideration of its housing management function.
2. That power be delegated to the Chief Executive to designate an Officer of the Council to issue Community Protection Notices where appropriate
3. That the Borough Secretary be authorised, in consultation with the Constitutional review Working Party, to make any other changes to the constitution to enable the implementation of the new powers.

## **11. POSITION STATEMENT ON THE ADOPTION OF WEST NORTHAMPTONSHIRE JOINT CORE STRATEGY PART 1 LOCAL PLAN'**

Councillor Hadland submitted a report which sought to clarify Northampton Borough Council's position in relation to the adoption of the Joint Core Strategy Part 1 Local Plan, specifically in relation to Policies N5 and N6 and the strategic highways infrastructure which the council's Members on the West Northamptonshire Joint Strategic Planning Committee (WNJSPC) did not feel were adequately addressed in the Joint Core Strategy. He explained that the many people who had expressed their view were not NIMBY's and not fundamentally against development and the building of homes, but that they would like it to be sustainable. He further commented that Collingtree was not sustainable as an area for a SUE due to flooding, transport and infrastructure, which were the reasons for rejecting the Joint Core Strategy's recommendations. He further explained that the building of homes for both the Northampton South SUE and the Northampton South of Brackmills SUE may not happen for a number of years and this would not be funded or developed at the same time as infrastructure and questioned whether it was the right time for such developments. He stated that there was a commitment to improving the Town for its current residents and for future residents of Northampton and further questioned the validity of the democratic voting system of the West Northamptonshire Joint Strategic Planning Committee.

Councillor Mackintosh seconded the report and explained that the WNJSPC was inherited and was conscious that people were not against development but that there was a need for the infrastructure to be in place as the same time as the home-building.

Councillor Beardsworth commented that she hoped that everyone supported the recommendations within the report and exclaimed her unhappiness that people had not felt listened to by the Joint Planning Unit. She further noted that the New Homes Bonus financially benefited the Council but suggested that there was a feeling that developments were being 'dumped' on certain areas, Northampton being one of them.

Councillor Larratt explained that the needs of Northampton had largely been ignored and that the A45 could not currently cope with the capacity and was heavily congested and that any potential developments on the site could have further ramifications on traffic on the roads, including the Newport Pagnell Road.

Councillor Marriott thanked all the members of their public for speaking and stated that there was a need for control over the development within the boundaries of Northampton.

Councillor Hill commented that he could not support an extra 1000 homes being built due to the traffic impact on the Rowtree Road and that any additional traffic would only make the situation worse.

Councillor Hadland thanked members and the public for their comments and noted

they had produced a large amount of evidence which they had gathered, and expressed his appreciation at the work that they had done.

**RESOLVED:**

1. That Council confirms an objection to the allocation of the site for 1000 dwellings in Policy N5 ‘Northampton South SUE’ and makes this known to the decision maker in the determination of the associated planning applications.
2. That Council confirms an objection to the allocation of the site for 1300 dwellings in Policy N6 ‘Northampton South of Brackmills SUE’ and makes this known to the decision maker in the determination of the associated planning applications
3. That Council confirms an objection to the limited provision of the North-West bypass as set out in Policy T7 of the Joint Core Strategy and requests that Northamptonshire County Council invests in updating its strategic transportation modelling to better assess impacts of development on Northampton’s highways and also plans and provides for a significant upgrade and as well as addressing the missing links of the North-West bypass, to be completed as soon as possible.
4. That Council, subject to confirmation of the recommendations above, notes and supports the adoption of the West Northamptonshire Joint Core Strategy Local Plan Part 1 as part of the Development Plan for the purposes of determining planning applications.

**12. COUNCIL TAX BASE**

Councillor Mackintosh submitted a report that sought Council’s approval of the tax base for 2015/2016 and associated parish tax bases, included within the report.

**RESOLVED:**

That the tax base for 2015/16 at 61,926.81 Band D equivalent properties and associated parish tax bases within this report be approved.

	2015/16	2014/15
Billing	2,506.72	2,402.29
Collingtree	506.88	508.64
Duston	5,358.06	5260.40
Great Houghton	284.39	279.44
Hardingstone	761.18	757.93
Upton	2,181.34	2,006.64
Wootton & East Hunsbury	n/a	6,214.60
Wootton, Wootton Fields & Simpson Manor	2,889.67	n/a
East Hunsbury	3,368.24	n/a
West Hunsbury	1,602.17	1,585.70
Hunsbury Meadow	489.23	475.24

Northampton (Unparished)	41,978.93	41,160.27
Total tax base	61,926.81	60,651.14

### **13. LOCAL COUNCIL TAX SUPPORT SCHEME - 2015/16**

Councillor Mackintosh submitted a report that sought Council's approval of the proposed amendment to the local Council tax Scheme.

Councillor Bottwood seconded the report.

Councillor Mason commented that she was opposed to the recommendations which she considered would affect the poorest people and would like it kept at 15%. Councillor Beardsworth echoed the concerns of Councillor Mason and said that the most vulnerable would be affected and urged the Conservative to reconsider.

#### **RESOLVED:**

That Council endorse the recommendation contained in the Cabinet report no later than the 31<sup>st</sup> January 2015.

### **14. TREASURY MANAGEMENT MID YEAR REPORT**

Councillor Mackintosh submitted a report which provided a mid-year update on the Treasury Management Strategy 2014-15, approved by Council in February 2014.

Councillor Bottwood seconded the report.

#### **RESOLVED:**

That Council note the treasury management activities and performance for the period 1 April to 30 November 2014.

### **15. COMMITTEE PROPORTIONALITY**

Councillor Mackintosh submitted a report which sought approval for the changes of Committee places as required following changes to the composition of Political Groups.

Councillor Markham seconded the report.

#### **RESOLVED:**

1. That the number of Committee places on Planning be reduced by one, from 12 to 11, and that the Borough Secretary be authorised to amend the Constitution to reflect the change.
2. That the number of seats on each Committee as set out in the report be approved.

3. That the representation of the political groups be as set out in this report
4. That Groups notify this Meeting of Council as to the changes in their nominations to Committee as follows:

**Labour –**

Councillor Strachan is removed from the Overview and Scrutiny Committee  
Councillors Marriott and Stone will sit on General Purposes Committee  
Councillor Marriott is removed from the Standards Committee

**Conservative –**

Councillor Duncan is appointed to the Overview and Scrutiny Committee  
Councillor Aziz is appointed to the Planning Committee  
Councillor Duncan is removed off the Licensing Committee and replaced by Councillors Ansell and King.  
Councillor Patel is appointed Deputy Chair of the Standards Committee following the removal of Councillor Capstick  
Councillor Oldham replaces Councillor Duncan on the General Purposes.

**Liberal Democrats -**

Councillor Meredith be removed from Planning Committee and appointed to the Standards Committee

5. That the allocation of political assistants to Groups remains the same.
6. That following the removal of Joy Capstick from the Labour Group that the Conservative Group gain an extra seat on Licensing Committee and Labour Group lose one in order to reflect changes to proportionality.

## **16. NOTICES OF MOTION**

Mr Newbury addressed Motion i) and commented that there was a great need for a better road system and stated that he considered the completion of the ring road of utmost importance and noted that it needed to be extended further out past Bucton Fields.

Mr Croucher addressed Motion i) and commented that a North-West bypass would only be beneficial to the West and with an increase in traffic the roads were crumbling as a result. He stated that a bypass would be beneficial for future developments; specifically of a waste to energy plant was created in the St James' area.

- i) Councillor Larratt proposed and Councillor Hill seconded that:

This Council notes, welcomes and supports the position of Northamptonshire County Council with regard to a North West bypass for Northampton as expressed in a motion to that Council that was approved at a meeting held on 25th September 2014 calling for the building of a north west bypass to dual carriageway standard, thus completing the Northampton ring road.

'Furthermore this Council notes, welcomes and supports the strong desire of local

residents in and to the north of Northampton for the construction of this road as expressed at a meeting of Northampton Residents Forum held on 4<sup>th</sup> November 2014.

This Council deeply regrets that the West Northamptonshire Joint Core Strategy fails to support and provide for the development of this vital road infrastructure that will greatly assist in relieving the high level of traffic congestion and air pollution that exists in the north of the Borough and beyond.

'This Council therefore requires the provision of a North West bypass for Northampton to be a major feature of Planning Strategy and Policy for the area, and for it to be delivered to the standard expressed by the County Council within the time span of current development strategies and plans for the area'.

Council debated the motion

Upon a vote, the Motion was carried.

Mr Croucher addressed Motion ii) and commented that people needed an increase in wages in order to increase spending and therefore improving the economy and the Living Wage would be more fair and equal for those at the bottom of the economic ladder.

ii) Councillor Marriott to propose and Councillor Mason to second that:

This Council notes that the Conservative Administration opposed the Labour Group amendment to the "Council Wide General Fund Revenue Budget 2013-16" which would have implemented a living wage for council staff from April 2013. This Council welcomes the recent Conservative Administration 'U-turn' by now implementing the living wage for Northampton Borough Council staff.

The Living Wage Foundation says its *"good for business, good for the individual and good for society"*.

The Mayor of London, Boris Johnson, says *"paying the Living Wage is not only morally right, but makes good business sense too. There are now over 2,200 employees working for companies with contracts from the GLA who are benefitting from the London Living Wage."*

Local Authorities that have adopted the Living Wage include the Greater London Authority, Ashfield District Council, Barnsley Metropolitan Borough Council, Cherwell District Council, Gedling Borough Council, Oxford City Council, Thurrock Council and Winchester City Council.

This Council is also a major supplier/contractor of public services. Therefore it resolves for 1st April 2015 to:-

1. Supports the introduction of a Living Wage to all contracted and sub-contracted staff.

2. Adopt a policy of supporting the Living Wage in procurement on a case by case basis.
3. Seek accreditation as a Living Wage employer through the Living Wage Foundation.
4. Use our influence as a major local employer and provider of services to urge other local employers to pay the Living Wage.

Councillor Mackintosh proposed and Councillor Bottwood seconded an amendment.

The amended motion read:

This Council notes that the Conservative Administration has brought forward plans to implement a living wage for council staff from April 2014 at a time when the financial position of the authority allows it.

The Living Wage Foundation says its *“good for business, good for the individual and good for society”*.

The Mayor of London, Boris Johnson, says *“paying the Living Wage is not only morally right, but makes good business sense too. There are now over 2,200 employees working for companies with contracts from the GLA who are benefitting from the London Living Wage.”*

Local Authorities that have adopted the Living Wage include the Greater London Authority, Ashfield District Council, Barnsley Metropolitan Borough Council, Cherwell District Council, Gedling Borough Council, Oxford City Council, Thurrock Council and Winchester City Council.

This Council is also a major supplier/contractor of public services. Therefore it resolves for 1st April 2015 to:-

1. Consider the introduction of a Living Wage for future contracts.
2. Consider a policy of supporting the Living Wage in procurement on a case by case basis.
3. Seek accreditation as a Living Wage employer through the Living Wage Foundation.
4. Use our influence as a major local employer and provider of services to urge other local employers to pay the Living Wage.”

The proposed amendments were accepted and became the substantive motion.

Council debated the substantive motion.

Upon a vote, the substantive motion was carried.

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

The Item was withdrawn.

The meeting concluded at 10.03pm



Appendices



**NORTHAMPTON**  
BOROUGH COUNCIL

**COUNCIL**  
**23 February 2015**

**Agenda Status:** Public

**Directorate:** Corporate

<b>Report Title</b>	<b>Corporate Plan (2015 Update)</b>
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**1. Purpose**

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The Council's Corporate Plan (2015 Update) is attached for approval. It was considered and recommended for approval by Cabinet on 18 February 2015.

**2. Recommendations**

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Council is recommended to:

- 1 Approve the attached Corporate Plan (2015 Update)
- 2 Delegate to the Chief Executive in consultation with the Leader of the Council the authority to finalise the Corporate Plan and associated action plan in line with the budget decisions, service plans and any other consequent changes.

**3. Issues and Choices**

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**3.1 Report Background**

The proposed Corporate Plan update and the related report considered by Cabinet on 18 February 2015 are attached.

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

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

**5. Background Papers**

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Attachments: Report to Cabinet 18 February 2015; Corporate Plan (2015 Update) (including Equality Impact Assessment)

Appendices: 2



**NORTHAMPTON**  
BOROUGH COUNCIL

## CABINET REPORT

<b>Report Title</b>	Corporate Plan 2015 Update
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	18 February 2015
<b>Key Decision:</b>	No
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	Corporate
<b>Accountable Cabinet Member:</b>	Cllr David Mackintosh
<b>Ward(s)</b>	All

### 1. Purpose

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- 1.1 To approve the Council's Corporate Plan 2015 Update and to recommend its adoption to Full Council.

### 2. Recommendations

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- 2.1 Cabinet is requested to:
- a) Recommend the refresh of the Corporate Plan to Full Council;
  - b) Delegate to the Chief Executive, in consultation with the Leader, the authority to amend as necessary, the:
    - i) Corporate Plan 2015 Update for presenting to Full Council on 23 February 2015 in line with the budget decisions, service plans and any other consequent changes;
    - ii) An associated set of corporate measures to underpin the Plan by 31 March 2015 to be developed alongside the service planning process.

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

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#### **3.1 Report Background**

- 3.1.1 The Corporate Plan for 2012/15 was adopted by the Council in February 2012. This document was a three-year plan which was subject to annual reviews. The focus of the 2015 update was to refresh the key deliverables to reflect the strategic direction of the Council, and in particular the Alive programme. This update is considered to be a “light-touch” review.
- 3.1.2 The Corporate Plan priorities were developed in consultation with local residents, stakeholders (including the community and voluntary sector and the business community) and staff during 2010/11.
- 3.1.3 The Council key priorities were reviewed during the 2011/12, 2012/13, 2013/14, and 2014/15 budget and business planning processes. The Corporate Plan 2012-15 priorities were further informed by the priorities detailed within the Conservative Manifesto mandated through the 2011 May Elections. Draft budget proposals were developed to take into account these priorities.
- 3.1.4 Consultation on the draft budget proposals for 2015/16, and indicative budgets for 2016/17 to 2019/20 commenced in December 2014 and will conclude when the budget is approved in February 2015.
- 3.1.5 Consultation feedback was used to clarify priorities, understand the impacts of draft budget proposals and inform spending/saving options to be reflected in our future plans and budget.
- 3.1.6 The development of the Corporate Plan has been informed by the consultation feedback and the Plan is presented for Cabinet endorsement.
- 3.1.7 The Plan will need to be reviewed and amended following Council decisions on the annual budget on the 23 February 2015. It is recommended that delegated authority to review the plan be given to the Chief Executive, in consultation with the Leader.
- 3.1.8 To support monitoring and delivery of the Council’s Corporate Plan priorities, a number of key corporate measures will underpin the Plan. Corporate measures against each priority and the outcomes are currently in development. Detailed targets and measures to deliver the agreed priority outcomes cannot be completed until the next phase of service planning has been completed and budget decisions concluded. It is recommended that delegated authority to finalise the set of corporate measures be given to the Chief Executive, in consultation with the Leader.
- 3.1.9 On 7 May 2015, both General and Local elections are scheduled. The results of the Local election will most likely lead to the discontinuation 2012/15 Corporate plan, and for a replacement to be developed which supports the manifesto commitments of the incoming Administration.

#### **3.2 Issues**

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

### **3.3 Choices (Options)**

- 3.3.1 Do nothing-The Corporate Plan 2012-2015 is the strategic linchpin for the Council as it sets our priorities and explains what we want to achieve over the next year. Failure to refresh this document will fail to provide the necessary focus and direction required by the organisation.
- 3.3.2 Recommend the approval of the refocused plan to reflect the Council's role in moving towards a Northampton alive with innovation, enterprise and opportunity

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

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### **4.1 Policy**

- 4.1.1 The Corporate Plan forms part of the policy framework, and is referenced within the Constitution of the Council.
- 4.1.2 The Corporate Plan 2012-2015 (2015 update) confirms the Council's corporate priorities for the next financial period. For each priority outcome a number of actions and projects have been detailed, which once adopted will be a commitment to delivery.
- 4.1.3 The corporate priorities detailed in the Plan form the framework for the Council's Service Planning process. Delivering the commitments in the Corporate Plan may require the review of some policies.

### **4.2 Resources and Risk**

- 4.2.1 The plan needs to be considered alongside the budget, which can be seen as providing the resources to deliver the Corporate Plan within overall financial constraints. The service area Service Plans will underpin the delivery of the Corporate Plan priorities. All objectives, measures and actions within the Service Plans are risked assessed and challenged before final approval. The challenge process includes the agreement of targets and the capacity/ability to deliver the plans with appropriate resource set aside to do so.
- 4.2.2 The key risk with delivering the Corporate Plan is the inability to meet the commitments because it underestimates the difficulties, fails to understand its environment, or lacks the necessary resources. In the Council's current financial position it will be particularly important not to commit to activities and outcomes that the Council cannot afford nor has insufficient capacity to deliver.
- 4.2.3 Key risks to the delivery of; or failure to deliver, the Corporate Plan will be identified during the Budget planning process and will be included on either the Corporate Risk Register or Service Risk Registers as appropriate.

### **4.3 Legal**

- 4.3 Legal implications in respect of the priorities and projects stated in the plan will need to be considered as appropriate.

### **4.4 Equality and Health**

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

4.4.2 The Corporate Plan has been produced in line with the Council's obligation to meet its Public Sector Equality Duty i.e.

- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by law
- Advance equality of opportunity between people who share a relevant protected characteristic and those who do not and
- Foster good relations between those who share a relevant protected characteristic and those who do not.

4.4.3 An impact assessment for the Corporate Plan in terms of content and the consultation approach has been undertaken. No unintended adverse impacts have been identified so far. All our plans will be monitored in line with the public sector duties arising out of the Equality Act 2010. This is included as Appendix 2.

#### **4.5 Consultees (Internal and External)**

4.5.1 Management Board, key staff and Cabinet have been consulted on the 2015 review of the Corporate Plan.

4.5.2 Partners and other relevant stakeholders were consulted upon priorities during 2011/12, 2012/13, 2013/14, and 2014/15 as part of the wider consultation on the budgetary challenge, in line with the Consultation Toolkit. A communication package was developed to support the consultation process with the Communications Team to ensure publicity, awareness and wide community participation. Consultation included on-line and paper surveys and public meeting including community forums and residents.

4.5.3 Budget options arising from the planned delivery of the Corporate Plan are subject to public consultation, these are fully detailed within the budget paper which is a separate agenda item.

#### **4.6 How the Proposals deliver Priority Outcomes**

4.6.1 The Corporate Plan identifies and sets the priority outcomes and is used to inform all major decisions and potential changes to policy.

#### **4.7 Other Implications**

None

### **5. Background Papers**

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5.1.1 Appendix 1- Corporate Plan 2015 Update

5.1.2 Appendix 2 - Corporate Plan Equality Impact Assessment

**Davis Kennedy**  
**Chief Executive**

Northampton Borough Council

# **Corporate Plan**

2015 update

**Northampton alive with  
innovation, enterprise and  
opportunity**

February 2015

# Corporate Plan 2015

Welcome to Northampton Borough Council's Corporate Plan. This sets our priorities and explains what we want to achieve during 2015/16.

Northampton's population has reached 216,700<sup>1</sup> making it one of the largest towns and the largest district in the country. By 2020 the population of Northampton is projected to increase to 233,200 and by 2033, to 252,300.<sup>2</sup>

The Corporate Plan has been reviewed for the start of the financial year 2015/16 to ensure it remains up to date and guides our actions at a time of unprecedented change. It does not aim to set out in detail information about all of the services that the council provides.

Our plan focuses on two themes:

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

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

## Our priorities

The Corporate Plan is structured according to the council's eight priorities:

Your Town	You
<ul style="list-style-type: none"><li>○ Northampton Alive</li><li>○ Invest in safer, cleaner neighbourhoods</li><li>○ Celebrating our heritage and culture</li><li>○ Making every £ go further</li></ul>	<ul style="list-style-type: none"><li>○ Better homes for the future</li><li>○ Creating empowered communities</li><li>○ Promoting health and well-being</li><li>○ Responding to your needs</li></ul>

For more information about individual services please visit the Council's website or for full descriptions of spending according to service areas these can be found in the Budget Book.

<sup>1</sup> ONS 2013 mid-year population estimate

<sup>2</sup> ONS Population Projections 2012 Base and <http://www.northamptonshireanalysis.co.uk/news/item?itemId=16>

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**This information can be made available in other languages and formats upon request. To discuss this and for any other help you may need in order to understand this document, please contact 0300 330 7000**



# YOUR TOWN

## *A town to be proud of*

A successful vibrant town centre economy is an essential part of prompting growth and prosperity. Our focus is on regenerating the town and raising its national profile. Northampton is one of the UK's most enterprising places and operating costs are low in relation to other parts of the country. The town is also making the UK's fastest economic recovery.

The Council recognises it cannot achieve this alone. It is actively working with others to keep the town clean, safe, attract new investment, visitors and jobs, whilst enhancing the town's heritage and cultural opportunities.

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

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

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

### **Our key priorities for the 'Your town' theme are:**

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

## Priority 1 – Northampton Alive - A vibrant town

The long-term outcomes we want to achieve are:

### Revitalise our Infrastructure to support economic growth

- Northampton Castle railway station – building on the successful completion of a redeveloped £20m station, further phases are being developed to bring forward a 1300 space multi storey car park and land ready for commercial development which will commence in spring 2015
- Successful sports clubs – supporting the redevelopment and expansion plans at Sixfields Stadium and Franklin’s Gardens
- Northampton Waterside Enterprise Zone – capitalise on our town’s clear strengths – its central location, diverse economy and appetite for success.
- St James Mill link road – Improved access to the M1 and reduced congestion on match days

### Be a hub of excellence to stimulate and energise Business and Education

- University of Northampton Waterside campus – a new £330m university campus built in our Enterprise Zone
- Northampton College and Moulton College – to work collaboratively with our further education institutes to deliver the skills required by new and existing employers
- FOUR Northampton - a landmark new office development at one of the key gateways to Northampton town centre on St Peter’s Waterside
- National Training Academy for Rail in Kings Heath-centre of excellence jointly funded by the government and the rail industry to give a new generation of young people the skills to succeed

### Improving our offer to businesses and inward investors

- The Business Team – a team dedicated to supporting businesses to meet their growth plans and requirements for new land and property
- Inward Investment Suite – an identified facility to demonstrate a greater commitment to offering a professional and coherent service to prospective investors

### We will .....

- Progress plans for the Greyfriars site regeneration as part of the wider plans for the town centre leisure and retail offer;
- Business Incentive Scheme – A fund is available to support businesses and stimulate the market, making the town centre a more attractive proposition. Implement the delivery and marketing plan for the Northampton Waterside Enterprise Zone (NWEZ) that will demonstrate the actions to be delivered from 2015 – 2020. These will include:
  - ✓ a partnership approach to the disposal of public land to support inward investment;
  - ✓ marketing of sites;
  - ✓ promoting the NWEZ and the associated benefits to business;
  - ✓ Make ourselves visible and accessible to existing businesses and prospective inward investors;
- Continue to provide free weekend (and bank holiday) parking in Northampton’s multi-storey car parks plus two hours free on weekdays to encourage visitors to stay & shop longer in the town. Also, we are working to extend 'Pay on Exit' car parking scheme to Northampton Borough Council owned surface car parks.
- Continue to develop Local Development Orders to simplify the planning application process for new businesses;
- Implement a business engagement strategy to simplify the process of accessing Borough Council services and facilities;
- Coordinate an Economic Forum of local partners to ensure sharing of best practice and funding priorities;
- Continue the regeneration and restoration work at Delapre Abbey and Park;
- Progress plans for the development of the Vulcan Works and the Museum and Art Gallery within the Cultural Quarter and further support development;
- Work collaboratively with the Local Enterprise Partnerships for Northamptonshire and the South East Midlands.

## Priority 2 - Invest in safer, cleaner neighbourhoods

### Creating an attractive, clean and safe environment

The long-term outcomes we want to achieve are:

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

#### **We will .....**

- Continue to improve the appearance and cleanliness of our neighbourhoods and open space land across the Town by proactively removing fly-tipping, graffiti and litter and use enforcement, with a zero tolerance approach;
- Improve standards and facilities within our parks to contribute to the achievement of Green Flag status and 'Britain in Bloom' success. We will do this by working in partnership with local groups and Friends Associations, local management committees for our premier parks, local 'park plans', improving public conveniences and ensuring our trees are well maintained. We will also work in partnership with community groups to provide community events in our parks all year round and deliver high quality holiday sports and play programmes for young people;
- Deliver the Community Safety Strategy action plan to improve safety across the town, in particular :
- Work in partnership to deliver a programme of projects throughout the year to tackle local priority issues; alcohol related violent crime, anti-social behaviour and serious acquisitive crime ;
- Review the Council's approach to licensing to ensure that it supports the Council's aims of reducing anti-social behaviour and making the Town centre safer ;
- Improve the mechanisms available for local people to report incidents of Hate Crime and support individuals to feel confident that the Council will act appropriately on the information provided;
- Actively work with Northamptonshire Probation Trust and local communities to utilise the Community Payback Scheme ;
- Reduce waste and increase recycling and focus on fly posting and fly tipping removal and enforcement;
- Continue to maintain the 'Park-Mark ' standard in designated car parks.

## Priority 3 - Celebrating our heritage and culture

The long-term outcomes we want to achieve are:

- Cultural Quarter –an attractive, cosmopolitan cultural environment focused around the town’s four key arts venues, offering a range of entertainment and events, good food and drink, residential opportunities and workspaces for artists, designers and creative businesses
- Boot and Shoe Quarter
- Increased tourism and promotion of the town through Love Northampton
- Improve the town’s museums and galleries through investment and expansion
- Promotion, protection and improvement of our heritage and other attractions e.g. North Gate, Eastgate and Hazelrigg House
- Regeneration and restoration of Delapre Abbey and Park to secure its future as a key visitor attraction
- Delivery of events to celebrate and enjoy the Town’s heritage and culture
- Celebration of national events through a varied cultural programme
- Heritage Gateway – a project that will recognise and celebrate the Town’s rich medieval history

### We will .....

- Continue to incorporate the Marina and the waterways into the life of the Town to exploit it to its full potential as a tourist attraction ;
- Promote tourism to increase the economic prosperity of the Town through the delivery of a varied programme of events;
- Continue to support and promote Delapre Abbey and Delapre Park as part of wider heritage strategy;
- Seek innovative ways to bringing the Town’s cultural museum offer to a wider audience with a broader exhibition programme and to raise the regional profile ;
- Begin work on a £14 million extension of Northampton Museum and Art Gallery that will double the size of the exhibition space and create new galleries, teaching facilities and a retail area;
- Implement a major refurbishment of Abington Park Museum;
- To recognise the important heritage of the Boot and Shoe Quarter around the Mounts;
- Provide support to NN, the Northampton Arts Collective;
- Work together across the Council to improve the way we promote museums and events ;
- Work with others to make the most of the way we promote each other in partnership to consolidate the promotional efforts of all agencies and to achieve the best results for Northampton.

## Priority 4 – Making every £ go further

### Provide Value for Money to protect local services

The outcomes we want to achieve are:

- Public money used to maximum benefit
- Cost savings achieved through the use of shared services, outsourcing opportunities and reduction in the use of consultants
- Delivery of value for money services in terms of service delivery and use of energy
- A modern diverse workforce

#### **We will .....**

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

# YOU

## ***How your Council will support and empower you and your community***

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

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

We need to manage any increasing demand in homelessness, prevent homelessness wherever possible and support people in housing crisis by working in partnership with other key agencies. The Council is also proactively working to anticipate the impact of emerging central government Social Housing Reform on local people. The Council will support people with advice and guidance to make the right choices for them and support vulnerable people to be able to live independently, when they want to.

The Council has worked with tenants and employees to establish an arms-length organisation, Northampton Partnership Homes, for the management of its housing stock from January 2015. We will work together to provide high quality homes and services to our tenants

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

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

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

### **Our key priorities for the 'You' theme are:**

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

## Priority 5 - Better homes for the future

### Helping you to have a home

The long-term outcomes we want to achieve are:

- Managing the supply and growth for the future of Northampton
- Create resilient and cohesive communities
- Deliver well designed, high quality homes, neighbourhoods and services
- Improve customer access, opportunity and choice
- Improve the relationship with private sector housing through engagement, regulation and enforcement

#### We will .....

- Review the Council's Housing Strategy for 2015-2018;
- Work in conjunction with Northampton Partnership Homes, the Arm's Length Management Organisation which has taken over the management of the Council's housing stock, to deliver homes for local people;
- As part of the National Empty Homes programme bring forward 40 new dwellings that have been vacant for 6 months or more ;
- Build 100 new council homes on land at Dallington Grange;
- Continue to work with partners to reduce causes of homelessness and support the Homeless Forum, Oasis House and other organisations tackling homelessness and rough sleeping in the Town ;
- Utilise additional licensing powers and maintain a register for Houses in Multiple Occupation (HMO) within Northampton to drive high standards of safety for tenants;
- Review policies, processes and procedures around Disabled Facilities Grants and Discretionary Housing Payments to ensure an efficient, effective and proportionate response to the needs of our customers

## Priority 6 - Creating empowered communities

The outcomes we want to achieve:

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

#### We will .....

- Encourage individuals, communities and groups to get involved and contribute to activities within their local neighbourhoods in order to promote integration and cohesion within communities and foster a sense of pride across the Town;
- Maintain the current investment to help community based projects in Northampton through the small based grants process;
- Achieve better outcomes for communities by improving the way grants are allocated by starting to introduce a commissioning approach;
- Engage and involve young people in shaping services and promoting positive activities within the Borough;
- Work with others to support and develop the capacity of the voluntary sector for the benefit of NBC and local people ;
- Support localism plans for Neighbourhood Planning to increase community involvement in the planning process;

## Priority 7 - Promoting health and well-being

The long-term outcomes we want to achieve are:

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

### We will .....

- Support the emerging Health & Wellbeing Board strategy;
- Work with the new Clinical Commissioning Consortia and develop locality plans to influence spend to deliver local priorities;
- Actively support our sports clubs;
- Contribute to the expansion and enhancement of an athletics track in partnership with the Rugby and Northampton Athletics Association, Moulton College and Northampton Town Football Club
- Support the Leisure Trust to deliver healthy living and Children and Young People outcomes and widen participation in leisure activities across all sections of the community;
- Work with businesses and individuals to promote responsible drinking;
- Work to influence our partners to improve air quality and meet Government minimum targets;
- Work with external energy providers to implement the Community Energy Savings Programme to improve energy efficiency standards and reduce fuel bills in some of the Borough's most vulnerable communities;
- Ensure that all council owned homes are fitted with modern fuel efficient heating and insulation.

## Priority 8 - Responding to your needs

The long-term outcomes we want to achieve are:

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

### We will .....

- Further develop services to support those in most need;
- Support the Council's Equality Strategy and continue to work towards becoming 'Excellent' in terms of equality;
- Expansion of the range of partners providing services in the One Stop Shop and focus on channel shift through the self-service area ;
- Provide consistency of customer service and "one point of contact" for customers by migrating the remaining service areas into the telephone contact centre and one stop shop;
- Continue to create effective dialogue with people so that they can feel involved in the decision making process and ensure developing policy and service delivery takes into account different needs;
- Support individuals affected by Social Welfare and Housing Reforms through effective communications of the changes and impacts upon them.
- Renovate the Maple Buildings (Hope Centre) to support the homeless and vulnerable;
- Work in partnership with others to safeguard children and vulnerable adults



<p><b>Appendices</b></p> <p>1</p>
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**NORTHAMPTON**  
BOROUGH COUNCIL

**COUNCIL**  
**23 FEBRUARY 2015**

**Agenda Status: Public**

**Directorate: Management Board**

<b>Report Title</b>	<b>TREASURY MANAGEMENT STRATEGY 2015-16</b>
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**1. Purpose**

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1.1 The purpose of the report is to bring to Council the Treasury Management Strategy for 2015-16.

**2. Recommendations**

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2.1 That Council approve:

a) the Treasury Management Strategy for 2015-16 at Appendix A of this report: incorporating:

(i) The Capital Financing and Borrowing Strategy for 2015-16 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) (England) (Amendment) Regulations 2008.
- The Affordable Borrowing Limit for 2015-16 as required by the Local Government Act 2003.

(ii) The Investment Strategy for 2015-16 as required by the CLG revised Guidance on Local Government Investments issued in 2010.

b) That authority be delegated to the Council's Chief Finance Officer, in liaison with the Cabinet member for Finance, to make any temporary changes needed to the Council's borrowing and investment strategy to enable the authority to meet its obligations.

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

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#### **3.1 Report Background**

3.1.1 See Cabinet report attached

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

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#### **4.1 Policy**

4.1.1 See Cabinet report attached

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

4.2.1 See Cabinet report attached

#### **4.3 Legal**

4.3.1 See Cabinet report attached

#### **4.4 Equality**

4.4.1 See Cabinet report attached

#### **4.5 Other Implications**

4.5.1 See Cabinet report attached

### **5. Background Papers**

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5.1 See Cabinet report attached

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

<b>Report Title</b>	<b>Treasury Management Strategy 2015-16</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	18 February 2015
<b>Key Decision:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	LGSS
<b>Accountable Cabinet Member:</b>	Cllr Alan Bottwood
<b>Ward(s)</b>	N/A

## **1. Purpose**

---

- 1.1 The purpose of the report is to bring to Cabinet the Treasury Management Strategy for 2014-16

## **2. Recommendations**

---

- 2.1 That Cabinet recommend to Council that they approve the Treasury Management Strategy for 2015-16 at Appendix A of this report: incorporating:
- (i) The Capital Financing and Borrowing Strategy for 2015-16 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) (England) (Amendment) Regulations 2008.
    - The Affordable Borrowing Limit for 2015-16 as required by the Local Government Act 2003.
  - (ii) The Investment Strategy for 2015-16 as required by the CLG revised Guidance on Local Government Investments issued in 2010.

- 2.2 That authority be delegated to the Council's Chief Finance Officer, in liaison with the Cabinet member for Finance, to make any temporary changes needed to the Council's borrowing and investment strategy to enable the authority to meet its obligations.

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

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#### **3.1 Report Background**

- 3.1.1 See Treasury Management Strategy report attached.

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

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#### **4.1 Policy**

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

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

- 4.2.1 The resources required to deliver the Council's Treasury Management Strategy and policies over the next five years are incorporated into the Council's debt financing and debt management budgets, which are included in the General Fund and HRA budget 2015-16 to 2019-20 reports to this 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 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 2015-16 outline the ways in which treasury management risk will be determined, managed and controlled

#### **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.

#### **4.4 Equality**

- 4.4.1 Equalities Impact Assessment (EIA) screening has been carried out on the Council's Treasury Management Strategy for 2015-16.
- 4.4.2 The EIA screening has determined that a full impact assessment is not

necessary, as no direct or indirect relevance to equality and diversity duties has been identified.

#### **4.5 Consultees (Internal and External)**

- 4.5.1 Consultation on treasury management matters is undertaken as appropriate with the Council's external treasury advisers and with the Cabinet member for Finance.
- 4.5.2 The Audit Committee has been nominated by Council as the body responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. This role includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and the making of recommendations to Council.

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

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

#### **4.7 Appendices**

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

- A Treasury Management Strategy 2015-16

### **5. Background Papers**

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- 5.1 Equalities Impact Assessment Screening: Treasury Management Strategy 2015-16

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Northampton Borough Council  
Treasury Management Strategy  
2015-16

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# 1 Introduction

## **CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes**

- 1.1 CIPFA has defined treasury management 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.”
- 1.2 The Council has adopted CIPFA’s Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Code). The adoption is included in the Council’s Constitution (Feb 2013) at paragraph 6.10 of the Financial Regulations.

## **CIPFA Prudential Code for Capital Finance in Local Authorities**

- 1.3 The CIPFA Prudential Code for Capital Finance in Local Authorities (the **Prudential Code**) is a professional code of practice. Local authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc and Accounts).
- 1.4 The CIPFA 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.
- 1.5 Councils are required to set and monitor a range of prudential indicators for capital finance, covering affordability, prudence, capital expenditure, external debt and treasury management, as well as a range of treasury indicators.

## **Treasury Management Policy Statement**

- 1.6 The Council’s Treasury Management Policy Statement was approved by Council at their meeting of 25 February 2013. The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

## **Treasury Management Practices**

- 1.7 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. The TMPs are split as follows:
  - Main Principles
  - Schedules
- 1.8 The Council’s TMP Main Principles were approved by Council at their meeting of 25 February 2013. They follow the wording recommended by the latest edition of the CIPFA Treasury Code.



- 1.9 The Council's TMPs Schedules cover the detail of how the Council will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually and approved by the Council's Chief Finance Officer

### **The Treasury Management Strategy**

- 1.10 It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year.
- 1.11 The Council's Treasury Management Strategy is drafted in the context of the key principles of the Treasury Code, as follows:
- 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.
- 1.12 The purpose of the Treasury Management 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.
- 1.13 The Treasury Management Strategy incorporates:
- The Council's capital financing and borrowing strategy for the coming year
  - 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.
  - The Annual Investment Strategy for the coming year as required by the CLG revised Guidance on Local Government Investments issued in 2010.

- 1.14 The strategy takes into account the impact of the Council's Medium Term Financial Plan, its revenue budget and capital programme, the balance sheet position and the outlook for interest rates.
- 1.15 The Treasury Management Strategy for 2015-16 also includes the Council's:
- Policy on borrowing in advance of need
  - Counterparty creditworthiness policies
- 1.16 The main changes from the Treasury Management Strategy adopted in 2014-15 are
- Updates to Prudential and Treasury Indicators
  - Updates to interest rate forecasts
  - Updates to debt financing budget forecasts
  - Minor update to the MRP policy
  - Addition of overseas counterparties with a sovereign rating equal to that of the UK (AA+)
  - Extension of maximum period of investment from 2 to 3 years
  - Inclusion of additional types of non specified investments that may be used subject to the approval of the Chief Finance Officer

### **Scheme of Delegation**

- 1.17 The Treasury Management Scheme of Delegation at Appendix 1 is taken from the Council's TMP Schedules. It sets out the delegated treasury management responsibilities of Council, Cabinet, Audit Committee and the Section 151 Officer. .

### **General Fund and HRA**

- 1.18 The Council is required to have a clearly agreed policy for attributing income and expenditure and risks between the General Fund and the HRA. This is set out at Appendix 2

### **Equalities Statement**

- 1.19 Equalities Impact Assessment (EIA) screening has been carried out on the Council's Treasury Strategy for 2015-16, and the associated Treasury Management Practices (Main Principles and Schedules).
- 1.20 The EIA screening has determined that a full impact assessment is not necessary, as no direct or indirect relevance to equality and diversity duties has been identified.

## **2 Current Treasury Management position**

- 2.1 The Council's projected treasury portfolio position at 31 March 2015, with forward estimates is summarised below. The table shows the external borrowing, against the Capital Financing Requirement (CFR), which is a measure of the need to borrow for capital expenditure purposes, highlighting any forecast over or under borrowing.

- 2.2 The figures exclude any borrowing undertaken or planned for third party loans so as to focus on the Council's own cash position.

£m	2014-15 Projected	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
<b>External borrowing</b>						
Borrowing at 1 April	216	207	214	213	220	224
Expected change in borrowing	-9	7	-1	7	4	2
<b>Borrowing at 31 March</b>	<b>207</b>	<b>214</b>	<b>213</b>	<b>220</b>	<b>224</b>	<b>226</b>
<b>CFR at 31 March</b>	<b>236</b>	<b>238</b>	<b>239</b>	<b>246</b>	<b>252</b>	<b>254</b>
<b>Under/(over) borrowing</b>	<b>29</b>	<b>24</b>	<b>26</b>	<b>26</b>	<b>28</b>	<b>28</b>
<b>Investments</b>						
Investments at 1 April	71	26	27	21	20	18
Expected change in investments	-44	1	-6	-1	-1	0
<b>Investments at 31 March</b>	<b>26</b>	<b>27</b>	<b>21</b>	<b>20</b>	<b>18</b>	<b>18</b>
<b>Net borrowing</b>	<b>181</b>	<b>187</b>	<b>192</b>	<b>200</b>	<b>206</b>	<b>208</b>

### 3 Prospects for interest rates

- 3.1 The Council has appointed Capita Asset Services (CAS) as its treasury advisors. Part of their service is to assist the Council to formulate a view on interest rates. The following table gives the CAS central view for the forecast bank rate, short term LIBID rates, and longer term PWLB rates.

<b>Interest Rate Forecasts 2014-2018</b>								
<b>Date</b>	<b>Bank Rate %</b>	<b>LIBID Rates %</b>			<b>PWLB Borrowing Rates % (including certainty rate adjustment)</b>			
		<b>3 Month</b>	<b>6 Month</b>	<b>12 Month</b>	<b>5 year</b>	<b>10 year</b>	<b>25 year</b>	<b>50 year</b>
Mar-15	0.50	0.50	0.70	0.90	2.20	2.80	3.40	3.40
Jun-15	0.50	0.50	0.70	1.00	2.20	2.80	3.50	3.50
Sep-15	0.50	0.60	0.80	1.10	2.30	3.00	3.70	3.70
Dec-15	0.75	0.80	1.00	1.30	2.50	3.20	3.80	3.80
Mar-16	0.75	0.90	1.10	1.40	2.60	3.30	4.00	4.00
Jun-16	1.00	1.10	1.20	1.50	2.80	3.50	4.20	4.20
Sep-16	1.00	1.10	1.30	1.60	2.90	3.60	4.30	4.30
Dec-16	1.25	1.30	1.50	1.80	3.00	3.70	4.40	4.40
Mar-17	1.25	1.40	1.60	1.90	3.20	3.80	4.50	4.50
Jun-17	1.50	1.50	1.70	2.00	3.30	3.90	4.60	4.60
Sep-17	1.75	1.80	2.00	2.30	3.40	4.00	4.70	4.70
Dec-17	1.75	1.90	2.10	2.40	3.50	4.10	4.70	4.70
Mar-18	2.00	2.10	2.30	2.60	3.60	4.20	4.80	4.80

3.2 UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

3.3 The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.

3.4 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Greece: the general election on 25 January 2015 has brought a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;
- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2015-16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

## **4 Borrowing strategy**

### **Capital Financing**

- 4.1 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.
- 4.2 Where borrowing is used to finance the Council's capital expenditure this is done under the prudential borrowing regime, with the Council funding the full costs of borrowing from its own revenue resources. This method of funding, sometimes referred to as unsupported borrowing, is particularly suitable for 'spend to save' schemes, where the financing costs of borrowing can be funded from revenue savings. However lack of capital resources means that it may also be used for other essential capital schemes where no other resources can be identified. As the repayment of principal is spread over the life of the asset it is most suitable for financing capital assets with long useful economic lives.
- 4.3 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.
- 4.4 The accounting treatment for operating and finance leases is very different. The annual costs of operating leases are treated as revenue expenditure in the accounts and are not included in the Council's capital programme. In contrast, finance leases have to be treated as capital expenditure items in the Council's accounts. Changes to accounting regulations mean that leases are increasingly being classified as finance leases.

### **Borrowing**

- 4.5 The Council as a whole is currently maintaining an under borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt. Instead, cash supporting the Council's reserves, balances and cash flow has been used to fund borrowing.
- 4.6 This strategy of internal borrowing, has served the Council well in the current economic climate, as investment returns are low and counterparty risk is relatively high. However, the decision to maintain internal borrowing to generate short term savings must be evaluated against the potential for incurring additional long term borrowing costs in futurer years, when long term interest rates are forecast to be significantly higher.
- 4.7 Against this background and the risks within the economic forecast, caution will be adopted with the 2015-16 treasury operations. The S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

- 4.8 The Council will continue to use a mix of its own cash balances and long term borrowing to finance capital expenditure and to repay maturing loans, in order to maximise short term savings and manage interest rate risk.
- 4.9 The Council has access to Public Works Loan Board (PWLB) loans for its long term external borrowing needs at the 'certainty rate', which is 20 basis points below the standard PWLB rate.
- 4.10 Loans are also 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. The Council will in particular consider forward funding deals to mitigate the interest rate risks associated with internal borrowing.
- 4.11 Other forms of borrowing such as bonds or private placements, either acting alone or through a collective agency such as the newly formed Municipal Bonds Agency, may be considered if available and appropriate.
- 4.12 Decisions on the timing and type of borrowing are taken in consultation with the Council's external treasury management advisors. All long-term external borrowing requires the express approval of the Chief Finance Officer, who has the delegated authority to take the most appropriate form of borrowing from approved sources.

### **Loans to Third Parties**

- 4.13 The Council may make grants or loans to third parties for the purpose of capital expenditure, as allowable under paragraph 25 (1) (b) of the Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 (Statutory Instrument No. 3146). This will usually be to support local economic development, and may be funded by external borrowing.
- 4.14 New borrowing is anticipated in 2015-16 to finance loans to third parties:
- Northampton Town Football Club – Cabinet approved in principle the granting of loan finance of up to £12m to support stadia expansion and associated development. The final tranches of the loan (£1.5m) will be drawn down in 2015-16.
  - University of Northampton –The Council has worked with the South East Midlands Local Enterprise Partnership (SEMLEP) to secure the LEP project rate from PWLB for a loan facility of £46 million to support the creation of a waterside campus. The loan is expected to be drawn down during the last quarter of 2015-16. Alongside this Northamptonshire Enterprise Partnership (NEP) has worked with Northamptonshire County Council to secure a further £14m at the LEP project rate from PWLB for the same project.
  - Unity Leisure – Cabinet have approved the provision of a £300k loan to Northampton Leisure Trust (NLT) to facilitate purchase a soft play facility, based in Northampton. This will be cost-neutral to the Council.

## **Prudential & Treasury Indicators**

- 4.15 The Council's prudential and treasury indicators for 2015-16 to 2019-20 are set out at Appendix 3.

### **Policy on borrowing in advance of need**

- 4.16 Under the Local Government Act 2003 local authorities are able to borrow in year for the current year capital programme and for the following two years. The Council's policy on borrowing in advance of need is that this will not be undertaken purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

- 4.17 The Council will:

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

### **Debt rescheduling**

- 4.18 The debt portfolio will be kept under review, with debt rescheduling opportunities being investigated for potential cash savings and / or discounted cash flow savings or to enhance the balance of the portfolio.

- 4.19 As short term borrowing rates tend to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). Furthermore, changes to accounting regulations and to the structure of PWLB rates in recent years mean that rescheduling opportunities for the Council's PWLB loans are very much more limited than in the past. Decisions will be based on appropriate advice from the Council's external treasury management advisers.

- 4.20 The reasons for any rescheduling to take place will include:

- The generation of cash savings and or discounted cash flow savings.
- Helping to fulfil the treasury strategy.
- Enhancing the balance of the portfolio (by amending the maturity profile and/or the balance of volatility).



4.21 Any debt rescheduling undertaken will subsequently be reported to Cabinet in the next treasury report following the decision.

### **Affordable Borrowing Limit**

4.22 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 treasury indicator for the authorised limit.

4.23 The Council’s affordable borrowing limit for 2015-16 is set at £320m. The table below shows the limits for next year and the following four years, broken down between the limit required for the Council’s own capital expenditure purposes and that required for the provision of loans to third parties.

<b>Affordable Borrowing Limit</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
NBC CFR plus headroom	255	255	266	270	270
To support loans to third parties	65	65	64	60	55
<b>Affordable Borrowing Limit</b>	<b>320</b>	<b>320</b>	<b>330</b>	<b>330</b>	<b>325</b>

### **Temporary Borrowing**

4.24 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.

4.25 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

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

## **Overdraft Facilities**

- 4.27 The Council has a £200k overdraft facility with its bankers, HSBC Bank, for which an annual fee of £2k applies. The overdraft rate applicable to use of the agreed facility is 2.5% above the prevailing Bank of England base rate.
- 4.28 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 against a performance target.

## **5 Minimum Revenue Provision**

- 5.1 The Council is required to repay an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision - VRP). The Housing Revenue Account is not subject to a mandatory MRP charge.
- 5.2 CLG Regulations have been issued which require full Council to approve an MRP Policy Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.
- 5.3 The Council's policy statement on MRP for 2015-16 is set out at Appendix 4. . The policy is considered by the Section 151 Officer to provide for the prudent repayment of debt.

## **6 Investment strategy**

- 6.1 Government Guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS to be combined into one document.
- 6.2 The Council's general policy objective is to invest its surplus funds prudently. Due to the ongoing uncertainty in the banking sector which has seen institutions fold, it is now felt more appropriate to focus on the safe return of the sum invested. As such the Council's investment priorities in priority order are
- the security of the invested capital
  - the liquidity of the invested capital
  - the yield received from the investment
- 6.3 The Council's Annual Investment Strategy for 2015-16 is set out at Appendix 5.

## **7 Sensitivity of the forecast and risk analysis**

### **Risk Management**

7.1 The 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. Treasury management risks are identified in the Council's approved Treasury Management Practices. The main risks to the treasury activities are:

- Credit and counterparty risk (security of investments)
- Liquidity risk (adequacy of cash resources)
- Interest rate risk (fluctuations in interest rate levels)
- Exchange rate risk (fluctuations in exchange rates)
- Refinancing risks (impact of debt maturing in future years)
- Legal and regulatory risk (non-compliance with statutory and regulatory requirements)
- Fraud, error and corruption, and contingency management (in normal and business continuity situations)
- Market risk (fluctuations in the value of principal sums)

7.2 The TMP Schedules set out the ways in which the Council seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk). Council officers, in conjunction with the treasury advisers, will monitor these risks closely.

### **Sensitivity of the Forecast**

7.3 The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the Council has no control. In terms of interest rates, with the forecast average investment portfolio of £27m for 2015-16, each 0.1% increase or decrease in investment rates equates to £27k, the revenue impact of which is shared between the HRA and the General Fund.

7.4 Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the Council's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP Schedules and the treasury strategy, and in line with the Council's risk appetite, to keep negative variations to a minimum. Any significant variations will be reported to Cabinet as part of the Council's regular budget monitoring arrangements.

## **8 Reporting arrangements**

8.1 In line with best practice full Council is required to receive and approve, as a minimum, three main treasury management reports each year, as follows.

- Annual Treasury Management Strategy
- Treasury Management Mid Year Report
- Treasury Management Outturn Report

8.2 The reports include the Council's treasury and prudential indicators.

8.3 Full details of the Council's treasury management reporting arrangements are contained in the Council's Schedules to the Treasury Management Practices (TMP 6 – Reporting Requirements and Management Information Arrangements)

## 9 Debt financing budget

9.1 The following table sets out the Council's debt financing budget for 2015-16 to 2019-20. Interest payable and reimbursements in respect of loans to third parties already in place are included, but have a zero bottom line impact.

9.2

<b>Debt Financing Budget – NBC</b>					
	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
Interest payable	1,119	1,251	1,377	1,267	1,080
Interest Receivable	(670)	(783)	(826)	(759)	(563)
MRP	1,229	1,229	1,324	1,422	1,520
Recharges from/(to) the HRA	102	121	104	87	116
<b>Total</b>	<b>1,780</b>	<b>1,818</b>	<b>1,979</b>	<b>2,017</b>	<b>2,153</b>

9.3 The following table sets out estimates of the expenditure and income impacts of existing loans to third parties included above; there will be an overall net nil impact to the Council from these and from any new loans included in the planned capital programme.

<b>Debt Financing Budget – Loans to Third Parties</b>					
	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
Interest payable	483	473	463	417	233
Interest receivable	(483)	(473)	(463)	(417)	(233)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

9.4 The interest rate assumptions behind the budgeted figures are as follows:

<b>Interest Rate Assumptions</b>					
	2015-16 %	2016-17 %	2017-18 %	2018-19 %	2019-20 %
Investments	0.7	1.3	1.8	2.3	2.8
GF new and replacement borrowing	4.25	4.25	4.25	4.25	4.25

Assumptions on HRA interest on borrowing may differ slightly as they have aligned to the HRA Business Plan assumptions.

9.5 MRP charges are in line with the Council's MRP policy at Appendix 4.

## **10 Policy on the use of external service providers**

10.1 Treasury management consultants are used to support the Council's treasury management activities by providing expert advice on interest rate forecasts, annual treasury management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, creditworthiness of counterparties etc

10.2 The current supplier of service is Capital Asset Services, under a framework contract with LGSS. The costs of the service are met by LGSS. The contract expires at Oct 2015, and it is anticipated that this will be extended to October 2016.

10.3 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the external service providers. However it also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

## **11 Current and future developments**

11.1 Local Authorities have to consider innovative strategies towards improving service provision to their communities. This approach to innovation also applies to councils' treasury management activities. The Government is introducing new statutory powers and policy change which will have an impact on treasury management approaches in the future. Examples of such changes are:

## **Localism Act 2011**

- 11.2 A key element of the Act is the “General Power of Competence”: “A local authority has power to do anything that individuals generally may do.” The Act opens up the possibility that a local authority may be able to use derivatives as part of their treasury management operations. However the legality of this has not yet been tested in the courts. The Council has no plans to use financial derivatives under the powers contained in this Act.

## **Enterprise Zone**

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

## **Tax Incremental Financing**

- 11.4 The Government has outlined its plans to give local authorities the tools to promote growth, including giving more freedom for local authorities to make use of additional revenues to drive forward economic growth in their areas. infrastructure projects
- 11.5 To this aim they are looking to introduce new borrowing powers to enable authorities to carry out Tax Incremental Financing (TIF) for infrastructure projects. This will require new legislation and will be closely linked to another Government initiative concerning the localisation of business rates i.e. local retention of business rate income.
- 11.6 In determining the affordability of borrowing for capital purposes, local authorities take account of their current income streams and forecast future income. Currently this does not factor in the full benefit of growth in local business rate income. TIF will enable local authorities to borrow against a future additional uplift to their business rates base. It will be important to manage the costs and risks of this borrowing alongside wider borrowing under the Prudential Code.
- 11.7 The Council will explore these new opportunities and assess their impact on the Treasury Management Strategy, particularly in terms of risk to the sustainability, prudence and affordability to the Council’s finances.

## **Local Impact Funding**

- 11.8 The Council is working with other agencies to put together an application for Northamptonshire to become one of the pilot areas for a Local Impact Fund (LIF). The LIFs will be led by local public sector bodies to bring together local and national partners and investors to provide tailored investment support for charities and social enterprises. The LIF model exploits the economic and employment benefits of supporting the local sector, in addition to the social

impact benefits. It works on the basis that locally led solutions to social investment will target resources where they are needed most. Investments can be matched against EU funding and could give Northamptonshire the opportunity of transforming significant areas of service delivery.

- 11.9 As an investor the Council will receive a rate of interest on its investment into the LIF. The details of the LIF investment arrangements will be examined by officers to understand their treasury management implications. This will include an assessment of any treasury management risks. However as the investment is an integral part of the LIF policy initiative, driven by service considerations, it will fall outside of the Council's stated investment strategy and counterparty criteria.

## **12 Training**

- 12.1 A key outcome of investigations into local authority investments following the credit crisis has been an emphasis on the need to ensure appropriate training and knowledge in relation to treasury management activities, for officers employed by the Council, in particular treasury management staff, and for members charged with governance of the treasury management function
- 12.2 Policies for reviewing and addressing treasury management training needs are out in the TMP Schedules (TMP10 – Training and Qualifications)

## **13 List of appendices**

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

# Treasury Management Scheme of Delegation and role of the Section 151 Officer

## Treasury Management Scheme of Delegation

### Council

The Council is responsible for:

- Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services
- Approval of the Treasury Management Policy Statement
- Approval of the annual Treasury Management Strategy and annual Investment Strategy
- Setting and monitoring of the Council's prudential and treasury indicators.
- Approval of the treasury management mid-year and outturn reports
- Approval of the debt financing revenue budget as part of the annual budget setting process

### Cabinet

The Cabinet is responsible for:

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

### Audit Committee

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



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

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

The Council's Financial Regulations delegates responsibility 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 Responsible Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.

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

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

The Responsible Officer is responsible for:

- Ensuring that the schedules to the Treasury Management Practices (TMPs) are fully reviewed and updated annually and monitoring compliance to the Treasury Management in the Public Services: Code of Practice and Guidance Notes.
- Submitting regular treasury management reports to Cabinet and Council.
- Submitting debt financing revenue budgets and budget variations in line with the Council's budgetary policies.
- Receiving and reviewing treasury management information reports
- Reviewing the performance of the treasury management function and promoting value for money
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers (e.g. treasury management advisors) in line with the approval limits set out in the Council's procurement rules.
- Ensuring that the Council's Treasury Management Policy is adhered to, and if not, bringing the matter to the attention of elected members as soon as possible.

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

- 1.1 The Council is required to have a clearly agreed policy for attributing income and expenditure and risks between the General Fund and the HRA. This is set out at Appendix 5.
- 1.2 The Council uses a two pool approach to splitting debt between the HRA and General Fund, whereby loans are assigned to either the HRA or the General Fund.
- 1.3 The Council applies the requirements of the CLG Item 8 Credit and Item 8 Debit (General) Determination from 1 April 2012 in recharging debt financing and debt management costs between the HRA and the General Fund. The interest rates to be applied are determined as follows:

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

- 1.4 For the purpose of calculating interest rates:
  - HRA cash balances are based on the average of opening and closing HRA cash balances.
  - HRA CFR external debt is based on actual external debt
  - Other HRA CFR balances is based on the mid year position
- 1.5 Debt management costs are charged to the HRA on an apportioned basis that takes into account the weighting of time spent on managing debt and investments respectively.

- 1.6 Risk associated with external loans sit with either the GF or HRA depending on which of these the loan has been earmarked to. This will include interest rate risk, for example the risk of interest rate rises associated with LOBOs.
- 1.7 Similarly, risk associated with any external investment of earmarked medium term HRA reserves sits with the HRA. This will include the risk of impairment, in the event of the failure of a counterparty.
- 1.8 Where risk cannot be earmarked specifically to either the General Fund or HRA, it is apportioned fairly between the two, using relevant available data. For example, in the event of impairment of an investment counterparty, the loss will be apportioned between the two funds based on an estimated proportion of cash balances held.

**Prudential and Treasury Indicators**

The prudential indicators for 2015-16 to 2019-20 are set out below, each one with a commentary and risk analysis.

**Affordability**

**a) Estimate of the ratio of financing costs to net revenue stream**

**Commentary**

The indicator has been calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers for the non-HRA element, and by total HRA income for the HRA element. The objective is to enable trends to be identified.

The rising trend for the General Fund shown below reflects the cumulative impact of borrowing costs, including MRP, for capital programme schemes agreed each year, set against forecasts of a reducing net revenue stream, which is made up primarily of formula funding and council tax.

The relatively high ratio for the HRA across all years compared to General Fund arises from the servicing of the the HRA debt taken 2011-12 under the government’s HRA self-financing agenda, and from the requirement to include depreciation in the financing costs, as represented by the value of the Major Repairs Allowance (MRA), which is not required in the General Fund figures.

<b>Estimate of the ratio of financing costs to net revenue stream</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%
General Fund	7.04%	7.61%	8.57%	9.04%	10.06%
HRA	35.94%	36.08%	36.14%	36.83%	36.09%

**Risk Analysis**

Debt financing costs relating to past and current capital programmes have been estimated in accordance with proper practices. Actual costs will be dependent on the phasing of capital expenditure and prevailing interest rates, and will be closely managed and monitored on an ongoing basis. Carry forwards in the capital programme, whether planned or unplanned, will delay the impacts of debt financing costs to future years

## b) Estimate of the incremental impact of capital investment decisions on the council tax

### **Commentary**

This indicator represents an estimate of the incremental impact of new capital investment decisions on the annual Council Tax (Band D). It is intended to show the effect on the Council Tax of approving additional capital expenditure.

Revenue budget impacts may arise from the following:

- Direct revenue contributions
- Lost interest on use of revenue contributions
- Lost interest on use of capital receipts
- Lost interest on use of internal borrowing
- Lost interest on use of earmarked reserves
- Interest on use of external borrowing
- Revenue running costs or savings

The figure represents the incremental impact on Council Tax from agreed capital expenditure schemes continuing from 2014-15 and prior years, starting in 2015-16 and planned for 2016-17 to 2019-20.

<b>Estimates of incremental impact of new capital investment decisions on the Council Tax</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p
General Fund	0.47	5.23	6.19	5.57	7.23

### **Risk Analysis**

The calculation of this indicator produces a notional figure. In practice the incremental costs of capital programme expenditure, including borrowing costs, are incorporated into the calculations for the revenue budget build along with all other proposed budget increases and savings, and are considered as part of an overall package of affordability.

Additions to the Capital Programme are supported by a capital appraisal or a report to Cabinet setting out the costs and funding, as well as the benefits and risks of the project, and these should include any additional revenue costs associated with a scheme.

These procedures are designed to ensure that capital expenditure schemes are not included in the planned programme unless they have been demonstrated to be affordable, as well as prudent and sustainable.

### c) Estimate of the incremental impact of capital investment decisions on the housing rents

#### **Commentary**

This indicator represents an estimate of the incremental impact of new capital investment decisions on average weekly housing rents.

Revenue budget impacts may arise from the following:

- Direct revenue contributions
- Lost interest on use of revenue contributions
- Lost interest on use of capital receipts
- Lost interest on use of internal borrowing
- Lost interest on use of earmarked reserves
- Lost interest on use of Major Repairs Allowance (MRA)
- Interest on use of external borrowing
- Revenue running costs or savings

The figures represent the incremental impact on weekly housing rents from agreed capital expenditure schemes continuing from 2014-15 and prior years, starting in 2015-16 and planned for 2016-17 to 2019-20.

The availability of additional revenue funds to support capital expenditure is linked to the HRA self financing reforms; the abolition of subsidy payments to government (replaced by debt financing costs) has supported capital investment, initially to meet decent homes standards, and subsequently to maintain those standards and to invest in estate regeneration and/or new homes build. Actual rent rises will remain in line with the government rent restructuring policy.

<b>Estimates of incremental impact of new capital investment decisions on Housing Rents</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p
HRA	20.10	19.60	7.73	9.71	14.14

#### **Risk Analysis**

The calculation of this indicator produces a notional figure. In practice the incremental costs of capital programme expenditure, including borrowing costs, are incorporated into the calculations for the HRA revenue budget build along with all other proposed budget increases and savings, and are considered as part of an overall package of affordability.

Additions to the HRA Capital Programme are supported by a capital appraisal or a report to Cabinet setting out the costs and funding, as well as the benefits and risks of the project, and these should include any additional revenue costs associated with a scheme.

These procedures are designed to ensure that HRA capital expenditure schemes are not included in the planned programme unless they have been demonstrated to be affordable, as well as prudent and sustainable.

## Prudence

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

#### Commentary

This is a key indicator of prudence. It is intended to show that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and new two financial years. This demonstrates that the Council's borrowing has only been undertaken for a capital purpose.

<b>Gross debt and the capital financing requirement</b>		
	2015-16 £000 Excluding Third Party Loans	2015-16 £000 Including Third Party Loans
<b>Gross external debt</b>	<b>206,850</b>	<b>222,396</b>
2014-15 Closing CFR (forecast)	236,473	253,738
Increases to CFR**:		
2015-16	1,533	49,082
2016-17	910	657
2017-18	7,379	7,125
2018-19	5,291	536
2019-20	2,091	-
<b>Adjusted CFR</b>	<b>253,677</b>	<b>311,138</b>
<b>Gross external debt less than adjusted CFR</b>	<b>Yes</b>	<b>Yes</b>

\*\* Where the change to the CFR is negative the adjustment is treated as zero.

#### Risk Analysis

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



## Capital Expenditure

### e) Estimates of capital expenditure

#### *Commentary*

This indicator requires reasonable estimates of the total of capital expenditure to be incurred during the forthcoming financial year and at least the following two financial years.

The draft capital programme for 2015-16 to 2019-20 is included elsewhere on this agenda and the prudential indicator figures are based on that report.

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

<b>Capital Expenditure</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
General Fund	13,187	3,587	2,992	2,925	2,925
HRA	26,593	26,229	25,433	24,553	24,159
<b>Total</b>	<b>39,780</b>	<b>29,816</b>	<b>28,425</b>	<b>27,478</b>	<b>27,084</b>
Loans to third parties	47,800	0	0	0	0
<b>Total</b>	<b>87,580</b>	<b>29,816</b>	<b>28,425</b>	<b>27,478</b>	<b>27,084</b>

#### *Risk Analysis*

There is a real risk of cost variations to planned expenditure against the capital programme, arising for a variety of reasons, including tenders coming in over or under budget, changes to specifications, and slowdown or acceleration of project phasing. There is also the possibility of needing to bring urgent and unplanned capital works into the capital programme. The risks are managed by officers on an ongoing basis, by means of active financial and project monitoring. Any significant issues are reported to Cabinet as part of the finance and performance reporting cycle.

The availability of financing from capital receipts, grants and external contributions also carries significant risk. This can be particularly true of capital receipts, where market conditions are a key driver to the flow of funds, causing particular problems in a depressed or fluctuating economic environment. The financing position of the capital programme is closely monitored by officers on an ongoing basis and any significant issues are reported to Cabinet as part of the finance and performance reporting cycle.

**f) Estimates of capital financing requirement (CFR)**

***Commentary***

External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. The CFR can be understood as the Council's underlying need to borrow money long term for a capital purpose – that is, after allowing for capital funding from capital receipts, grants, third party contributions and revenue contributions.

The Council is required to make reasonable estimates of the total CFR at the end of the forthcoming financial year and the following two years thereafter. A local authority that has an HRA must identify separately estimates of the HRA and General Fund CFR.

The CFR has been calculated in line with the methodology required by the relevant statutory instrument and the guidance to the Prudential Code. It incorporates the actual and forecast borrowing impacts of the Council's previous, current and future capital programmes.

The table below splits out the impacts of loans to third party organisations funded by borrowing, where these are included in the Council's capital programme.

The forecast trend for the General Fund CFR (excluding third party loans) is shows a gradual increase over the forthcoming five-year period. The impact of proposed new capital expenditure funded by borrowing is partially offset by annual repayments of principal (Minimum Revenue Provision).

The HRA CFR shows an increase of £13m over the five year period as additional borrowing is planned to support the HRA capital programme. The HRA does not make an annual revenue provision towards debt repayment.

The changes to CFR for future years (2016-17 to 2019-20) are subject to future Council decisions in respect of the capital programme for those years

<b>Capital Financing Requirement (Closing CFR)</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	31 March 2016 Estimate £000	31 March 2017 Estimate £000	31 March 2018 Estimate £000	31 March 2019 Estimate £000	31 March 2020 Estimate £000
General Fund	51,203	52,113	52,965	53,855	54,677
HRA	186,803	186,803	193,331	197,731	199,001
<b>Total</b>	<b>238,006</b>	<b>238,916</b>	<b>246,296</b>	<b>251,586</b>	<b>253,678</b>
Loans to third parties (GF)	64,814	64,561	64,308	59,553	54,796
<b>Total</b>	<b>302,820</b>	<b>303,477</b>	<b>310,604</b>	<b>311,139</b>	<b>308,474</b>

### ***Risk Analysis***

The capital financing requirement will vary from the estimates if there are changes to capital programme plans that result in reduced or increased borrowing to support expenditure. This will include adjustments between years as a result of carry forwards in the capital programme, which can impact on the profile of capital expenditure and the profile of the minimum revenue provision.

All borrowing plans must be affordable in revenue terms and to this end additional borrowing to fund capital expenditure will only be approved through the normal capital project approval process and where it has been demonstrated to be prudent affordable and sustainable.

### **External Debt**

#### **g) Authorised limit for external debt**

##### ***Commentary***

For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long term liabilities.

This requires the setting for the forthcoming financial year and the following four financial years of an authorised limit for total external debt (including temporary borrowing for cash flow purposes), gross of investments, separately identifying borrowing from other long term liabilities.

The authorised limit represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is "prudent" and be consistent with plans for capital expenditure and financing. It

contains a provision for forward funding of future years capital programmes, which may be utilised if current interest rates reduce significantly but are predicted to rise in the following year.

This limit is based on the estimate of the most likely but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. It includes headroom for any planned loans to third party organisations.

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

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

The Council's S.151 Officer will have delegated authority to effect movement between the separately agreed figures for borrowing and other long-term liabilities. Any such changes will be reported to the Council at the next meeting following the change.

<b>Authorised limit for external debt</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
Borrowing	315	315	325	325	320
Other long-term liabilities	5	5	5	5	5
<b>Total</b>	<b>320</b>	<b>320</b>	<b>330</b>	<b>330</b>	<b>325</b>

### ***Risk Analysis***

Risk analysis and risk management strategies have been taken into account in setting this indicator, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of the Council's cash flow requirements.

## h) Operational boundary for external debt

### *Commentary*

The proposed operational boundary is based on the same estimates as the authorised limit. However it excludes the additional headroom included within the authorised limit to allow for unusual cash movements.

The operational boundary represents a key management tool for in year monitoring by the S.151 Officer.

Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

The borrowing element of the operational boundary has been set with reference to the maximum Capital Financing Requirement (CFR) over the coming three years. It includes headroom for any planned loans to third party organisations.

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

The Council's S.151 Officer will have delegated authority to effect movement between the separately agreed figures for borrowing and other long-term liabilities. Any such changes will be reported to the Council at the next meeting following the change.

<b>Operational boundary for external debt</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
Borrowing	305	305	315	315	310
Other long-term liabilities	5	5	5	5	5
<b>Total</b>	<b>310</b>	<b>310</b>	<b>320</b>	<b>320</b>	<b>315</b>

### *Risk Analysis*

Risk – Risk analysis and risk management strategies have been taken into account in setting this indicator, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of the Council's cash flow requirements.

## **i) HRA Limit on Indebtedness**

### ***Commentary***

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

### ***Indicator***

The HRA limit on indebtedness is **£217.001m**. This is the HRA debt cap imposed by the Department for Communities and local Government. The original debt cap of £208.401m has been increased by DCLG from 2015-16 onwards to allow for additional borrowing to fund new council house building at Dallington Beck.

### ***Risk Analysis***

The HRA business plan has been modelled with full regard to the CLG debt cap requirements. The risk assessment of the business plan does not identify the breach of the debt cap as a risk. However there is an identified risk that inflation levels may change more than expected, resulting in the financial assumptions in the business plan proving to be inaccurate, leading to reduced headroom for borrowing. In this instance borrowing may reach (but not breach) the debt cap.

## **Treasury Management**

### **j) Adoption of the CIPFA code of Practice for Treasury Management in the Public Services**

#### ***Commentary***

The Prudential Code requires that the local authority has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. The aim is to ensure that treasury management is led by a clear and integrated forward looking treasury management strategy, and recognition of the pre-existing structure of the authority's borrowing and investment portfolios.

#### ***Indicator***

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. The adoption is included in the Council's Constitution (Feb 2013) at paragraph 6.10 of the Financial Regulations.

#### ***Risk Analysis***

Effective risk management is a fundamental requirement for the treasury management function, and this theme runs explicitly through the Treasury

Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

The prime policy objectives of the Council's investment activities are the security and liquidity of funds, and return on investments will be considered only once these two primary objectives have been met. The Council will thereby avoid exposing public funds to unnecessary or unquantified risk.

The Council's Treasury Management Strategy Report for 2015-16 to 2019-20 discusses the ways in which treasury management risk will be determined, managed and controlled.

## **Treasury Indicators**

### **k) Maturity structure of borrowing**

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

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

- Under 12 months;
- 12 months and within 24 months;
- 24 months and within 5 years;
- 5 years and within 10 years;
- 10 years and within 20 years;
- 20 years and within 30 years;
- 30 years and within 40 years;
- 40 years and above.

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

The proposed limits for the forthcoming year are:

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

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

#### **I) Upper limits on interest rate exposures**

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

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

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

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

It is proposed to maintain the upper limits on interest rate exposures for borrowing at 100% for both fixed and variable rate debt. This will allow officers to make judgements on the most appropriate form of borrowing dependant on the market conditions and rates on offer, rather than being artificially constrained by the



indicator. In practice there is likely to be a mix of fixed and variable rate borrowing in the Council's debt portfolio.

<b>Upper limits on interest rate exposures - borrowing</b>		
	Fixed Interest Rate Exposures	Variable Interest Rate Exposures
2015-16	100%	100%
2016-17	100%	100%
2017-18	100%	100%
2018-19	100%	100%
2019-20	100%	100%

<b>Upper limits on interest rate exposures - investments</b>		
	Fixed Interest Rate Exposures	Variable Interest Rate Exposures
2015-16	100%	100%
2016-17	100%	100%
2017-18	100%	100%
2018-19	100%	100%
2019-20	100%	100%

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

<b>Upper limits on interest rate exposures – net borrowing</b>		
	Fixed Interest Rate Exposures	Variable Interest Rate Exposures
2015-16	150%	150%
2016-17	150%	150%
2017-18	150%	150%
2018-19	150%	150%
2019-20	150%	150%

**m) Total principal sums invested for periods longer than 364 days**

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

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

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

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

<b>Upper limit on investments for periods longer than 364 days</b>					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Upper Limit £m	Upper Limit £m	Upper Limit £m	Upper Limit £m	Upper Limit £m
Investments < 364 days	5	4	4	3	3

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

### Minimum Revenue Provision Policy Statement

- 1.1 The Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008, which came into force in February 2008, require local authorities to make 'prudent provision' for the repayment of its General Fund debt. This debt repayment is known as the Minimum Revenue Provision (MRP).
- 1.2 A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment of debt should be aligned to the useful life of the asset or assets for which the borrowing has been carried out.
- 1.3 Since 2007-08 the Council has used the transitional measures available to calculate MRP for all capital expenditure prior to 1 April 2008 as if the previous regulations were still in force.
- 1.4 The authority is required, under the 2008 regulations, to prepare an annual statement of their policy on making MRP for submission to Council.
- 1.5 The Council's policy statement on MRP for 2015-16 is set out below. The policy is considered by the Section 151 Officer to provide for the prudent repayment of debt.
  - 1.5.1 The Council has implemented the 2008 CLG Minimum Revenue Provision (MRP) guidance from 2008-09 onwards, and assessed their MRP from 2008-09 onwards in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.
  - 1.5.2 MRP relating to the historic debt liability incurred for years up to and including 2007-08 will continue to be charged at the rate of 4% on the reducing balance, in accordance with option 1 of the guidance, the "regulatory method".
  - 1.5.3 The debt liability relating to capital expenditure incurred from 2008-09 onwards will be subject to MRP under option 3, the "asset life method", and will be charged over a period that is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method. For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.
  - 1.5.4 Estimated life periods will be determined in line with accounting guidance and regulations. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, the Council will generally adopt these periods. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
  - 1.5.5 As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be

assessed on a basis that most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner that reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

- 1.5.6 The Council will seek to spread MRP charges prudently in relation to asset lives, and with regard to the revenue impact of MRP charges. Where prudent to do so, capital receipts will be used to repay borrowing previously taken out in relation to assets with a short life. MRP on residual debt will be based on the lives of the remaining asset for which borrowing was undertaken.
- 1.5.7 MRP will be charged from the financial year after the asset comes into use.
- 1.5.8 In cases where the Council has approved the use of capital receipts to fund the asset, this funding will be assumed when the receipt is contractually certain, even if not actually received. In such cases no MRP charge will be made.
- 1.5.9 No MRP will be charged in respect of capital expenditure funded by borrowing where the expectation is that a future capital receipt will be applied to the CFR as a voluntary debt repayment for the borrowing. Examples are:
- Capital expenditure on preparing assets for sale.
  - Loans advanced to housebuyers under the Local Authority Mortgage Scheme (LAMS), should the scheme re-open and the Council decide to participate.
- 1.5.10 Where finance leases are held on the balance sheet, the MRP will be set at a charge equivalent to the element of the annual lease charge that goes to write down the balance sheet liability, thereby applying Option 3 in a modified form.
- 1.5.11 The Council will take advantage of any transitional arrangements introduced to minimise or negate the impact of retrospective accounting adjustments as a result of the transfer to the balance sheet of finance leases previously treated as operating leases under the introduction of IFRS.
- 1.5.12 In respect of loans to third parties supported by borrowing, where these are treated as capital expenditure, and contractual terms are in place to secure repayment over a period not exceeding the life of the asset, the Council will not charge MRP on the related expenditure.
- 1.5.13 In respect of infrastructure improvements and other capital schemes where repayment of the funding (principal and interest) will be met from business rates uplift in line with the Enterprise Zone financial model, and the repayment does not exceed the life of the asset, the Council will not charge MRP on the related expenditure.

# Annual Investment Strategy

## 1 Investment policy

- 1.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").
- 1.2 The Council's appetite for risk must be clearly identified in its strategy report. The Council affirms that its investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the Council will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the TMP Schedules and the Treasury Management Strategy.

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

## 2 Creditworthiness policy

- 2.1 The Council's counterparty and credit risk management policies and its approved instruments for investments are set out in the TMP Schedules (TMP 1 Risk Management: Credit and counterparty risk management and TMP 4 Approved Instruments, Methods and Techniques). These, taken together, form the fundamental parameters of the Council's Investment Strategy
- 2.2 The Council defines high credit quality in terms of investment counterparties as those organisations that:
  - Meet the requirements of the creditworthiness service provided by the Council's external treasury advisers (ie have a colour rating) and,
  - Have sovereign ratings of AA+, or are
  - UK banking or other financial institutions or are
  - UK national or local government bodies or are
  - Triple A rated Money Market funds

### 3 Sovereign limits

- 3.1 Expectation of implicit sovereign support for banks and financial institutions in extraordinary situations has lessened considerably in the last couple of years, and alongside that, changes to banking regulations have focussed on improving the banking sectors resilience to financial and economic stress. The Council has therefore reviewed its previous policy of restricting overseas investments to counterparties in countries with a sovereign rating of AAA.
- 3.2 The Council has determined that for 2015-16 it will only use approved counterparties from countries with a sovereign credit rating from the three main ratings agencies that is equal to or above to that of the UK, currently AA+.
- 3.3 The list of countries that qualify using these credit criteria as at the date of this report are shown below. This list will be amended by officers should ratings change in accordance with this policy.

AAA	AA+
Australia	Finland
Canada	Hong Kong
Denmark	Netherlands
Germany	UK
Luxembourg	USA
Norway	
Singapore	
Sweden	
Switzerland	

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

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

Year End Resources £m	2014-15 Projected	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Core funds	50	46	42	41	41	41
Working capital surplus	5	5	5	5	5	5
<b>Total funds</b>	<b>55</b>	<b>51</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>46</b>
Less under/(over) borrowing	29	24	26	26	28	28
<b>Expected investments</b>	<b>26</b>	<b>27</b>	<b>21</b>	<b>20</b>	<b>18</b>	<b>18</b>

- 4.2 Investment balances are forecast to be significantly reduced during 2014-15 as a result of:
- Repayment of £16m existing GF long term borrowing
  - Use of £15m internal borrowing to fund the GF capital programme
  - £20m reduction in HRA reserves due to capital programme expenditure
- 4.3 Investment decisions will be made with reference to the core balance and cash flow requirements and the outlook for interest rates.

## **5 Specified investments**

- 5.1 Under the Local Government Act 2003 the Council is required to have regard to the CLG Guidance on Local Government Investments. This requires that investments are split into two categories:
- (i) Specified investments – broadly, sterling investments, not exceeding 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.
- 5.2 The detailed conditions attached to each of these categories are set out in the TMP Schedules (TMP4 Approved Instruments, Methods and Techniques).
- 5.3 The majority of the Council's investments in 2015-16 will fall into the category of specified investments.

## **6 Non-specified investments**

- 6.1 Prior to the start of each financial year officers review which categories of non-specified investments they consider could be prudently used in the coming year.
- 6.2 The officer recommendation for 2015-16 is that the following non specified investments may be entered into:
- 6.2.1 Long-term investments (those for periods exceeding 364 days), which could prudently be used where interest rates are favourable and funds are not required for short-term cashflow management.

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

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

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

The maximum amount that the Council will hold at any time during the year as long-term investments is £5m.

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

- UK Government Gilts
- Treasury Bills
- Bonds issued by a financial institution that is guaranteed by the UK Government and multi-lateral development banks as defined in Statutory Instrument 2004 No. 534
- Reverse Gilt Repos
- Commercial paper
- Gilt funds and other bond funds
- Enhanced money market funds
- Property funds

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

The business plan will include:

- A clear justification for using the product
- Evaluation of counterparty and other risk
- Procedures and limits for controlling exposure

## **7 Counterparties**

7.1 Over-arching policies for the management of counterparty and credit risk are set out in the TMP Schedules (TMP 1 Risk Management). The Council's approach to counterparties for 2015-16 is set out below:

7.2 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.

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

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



- The maximum investment period with each type of counterparty assigned a rating

7.4 The following table sets out the Council's counterparty criteria for 2015-16.

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

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

- 7.6 The maximum percentage of the portfolio that may be placed with overseas counterparties at any one time is 50%.
- 7.7 Any types of investments that fall within the category of specified investments as set out in the TMP Schedules (TMP 4 Approved instruments, methods and techniques), and any types of non-specified investments approved as part of this document may be made, within the bounds of the counterparty policies.
- 7.8 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.
- 7.9 The Council may enter into forward agreements up to 3 months in advance of the investment commencing. If forward deposits are to be made, the forward period plus the deal period should not exceed the limits above.
- 7.10 The Chief Finance 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 in the TMP Schedules (TMP 1 Risk Management), will be met.

## **8 Liquidity of Investments**

- 8.1 Most short-term investments are held for cashflow management purposes and officers will ensure that sufficient levels of short-term investments and cash are available for the discharge of the Council's liabilities.
- 8.2 Investment periods range from overnight to 364 days as specified investments, or 3 years as non-specified investments. When deciding the length of each investment, regard is had to both cashflow needs and prevailing interest rates. As cash balances available for investment are forecast to be somewhat reduced compared to previous years, the preservation of liquidity will be a critical determinant for treasury officers when determining the value and duration of investments.
- 8.3 Amounts deposited for over 364 days will also be determined by liquidity considerations and by whether longer term interest rates are favourable, and all deposits will be in accordance with counterparty limits and the treasury indicator for investments over 364 days. Long term investments of over 2 years will only be made in exceptional circumstances.
- 8.4 For short term and overnight investment the Council makes full use of triple A rated Money Market Funds and appropriate bank call and deposit accounts offering competitive rates and, in most instances, instant access to funds.
- 8.5 The Council may occasionally undertake short-term temporary borrowing if this is needed to cover its cash flow position.

## **9 Investments defined as capital expenditure**

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

## **10 Lending to third parties**

10.1 Officers will ensure that any loans to or investments in third parties comply with legislative requirements. This would normally, but not necessarily, be under one of the following Acts of Parliament:

- The Localism Act 2011 gives local authorities a general power of competence to act in the same manner as any other legal person, except where those powers are specifically limited by statute.
- The Local Government Act 2000 contains wellbeing powers for local government that allow local authorities to do anything, including to give financial assistance to any person, which they believe is likely to promote or improve the economic, social or environmental well being of their area. Certain conditions, including consultation requirements, must be complied with in order to meet the requirements allowing the local authority to use the wellbeing powers.

10.2 Loans of this nature must be approved by Cabinet.

10.3 The primary aims of the Investment Strategy, in order of priority, are the security of its capital, liquidity of its capital and to obtain a return on its capital commensurate with levels of security and liquidity. These aims are crucial in determining whether to proceed with a potential loan to a third party.

10.4 Recipients of this type of investment are unlikely to be a financial institution and therefore unlikely to be subject to a credit rating. In order to ensure security of the Authority's capital, extensive financial due diligence must be completed prior to any loan or investment being agreed. The Council will use specialist advisors to complete financial checks to ascertain the creditworthiness of the third party. Where deemed necessary, additional guarantees will be sought. This will be via security against assets and/or through guarantees from a parent company.

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

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

## **12 Local Authority Mortgage Scheme**

- 12.1 The Local Authority Mortgage Scheme (LAMS) is currently closed to new participants, but may be re-opened in the future depending on the Help to Buy Guarantee scheme. In the event of this, and should the Council make a decision to participate in the scheme, which requires (in the cash backed variant) the Council to place a matching five year deposit to the life of the mortgage indemnity, this investment will be an integral part of the policy initiative, outside the Council's stated investment strategy and counterparty criteria.

## **13 Local Impact Funds**

- 13.1 In the event that the Council decides to invest in a Local Impact Fund, any such investment being an integral part of the LIF policy initiative, driven by service considerations, will fall outside of the Council's stated investment strategy and counterparty criteria.

## **14 Banking services**

- 14.1 HSBC currently provide banking services for the Council under a contract that runs to 30 September 2016. It is the Council's intention that even if the credit rating of the provider of its banking services falls below the minimum criteria the bank will continue to be used for short term liquidity requirements.

## **15 End of year investment report**

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



**NORTHAMPTON**  
**BOROUGH COUNCIL**

# **COUNCIL**

## **23 February 2015**

**Agenda Status: PUBLIC**

**Directorate: Management Board**

<b>Report Title</b>	<b>General Fund Revenue Budget and Capital Programme Budget 2015/16 and Medium Term Financial Plan 2015/16-2019/20</b>
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### **1. Purpose**

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1.1 The purpose of this report is to:

- Report the outcome of the consultation process on the 2015/16 General Fund budget and the final formula grant settlement for 2015/16.
- To agree the Cabinet's proposals recommended to Council on 23 February 2015 for the 2015/16 to 2019/20 General Fund budgets, the level of Council Tax increase for 2015/16 and indicative levels for 2016/17 – 2019/20.

### **2. Recommendations**

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- 2.1 That the feedback from consultation with the public, organisations and the Overview and Scrutiny Committees, be considered and welcomed (detailed at Appendices 1 to 3 of the attached Cabinet report).
- 2.2 That authority is delegated to the Chief Executive and Chief Finance Officer to implement all budget options and restructures.
- 2.3 That authority be delegated to the Chief Finance Officer in consultation with the Lead Cabinet Member for Finance, and where appropriate the relevant Director and Lead Cabinet Member to transfer monies to/from earmarked reserves should that become necessary during the financial year.
- 2.4 That a General Fund budget for 2015/16 of £29.149m (excluding parishes), be approved (detailed in Appendices 4, 5, and 6 of the attached Cabinet report) for its own purposes.
- 2.5 That a General Fund Capital Programme for 2015-16, including future year commitments, and proposed financing be approved (as set out in Appendix 7 of the attached Cabinet report) for its own purposes.
- 2.6 The Council confirms the aim of maintaining a minimum level of unallocated general fund balances of £4.9m for 2015/16 (as set out in Appendix 8 of the attached Cabinet report).

2.7 That the draft Fees and Charges set out in Appendix 9 (of the attached Cabinet report) be approved.

2.8 That Council does not increase the Council Tax for its own purposes, that is, excluding county, police, and parish precepts.

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

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#### **3.1 Report Background**

3.1.1 In the event that there are changes made in accordance with the delegated authority to the Chief Finance Officer following Cabinet's meeting on the 18<sup>th</sup> February, updated appendices to the Cabinet report will be tabled reflecting these changes.

3.1.2 See also Cabinet report attached.

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

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#### **4.1 Policy**

4.1.1 See Cabinet report attached.

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

4.2.1 See Cabinet report attached.

#### **4.3 Legal**

4.3.1 See Cabinet report attached.

#### **4.4 Equality**

See Cabinet report attached.

#### **4.5 Other Implications**

4.5.1 See Cabinet report attached.

### **5. Background Papers**

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5.1 See Cabinet report attached.

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**NORTHAMPTON**  
BOROUGH COUNCIL

## **CABINET REPORT**

<b>Report Title</b>	<b>General Fund Revenue Budget and Capital Programme Budget 2015/16 and Medium Term Financial Plan 2015/16 – 2019/20</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	18 February 2015
<b>Key Decision:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	Management Board
<b>Accountable Cabinet Member:</b>	Cllr A Bottwood
<b>Ward(s)</b>	N/A

### **1. Purpose**

- 1.1 To report the outcome of the Consultation process on the 2015/16 General Fund Revenue and Capital Budget and the Final Formula Funding Settlement for 2015/16.
- 1.2 To agree the Cabinet's proposals for recommendation to Council on 23 February 2015 for the 2015/16 to 2019/20 General Fund budgets, Council Tax level for 2015/16 and indicative levels for 2016/17 to 2019/20.
- 1.3 To outline the General Fund Capital Programme funding proposals for 2015-16 and future years.
- 1.4 To ask the Cabinet to recommend to Council that they approve the recommendations in paragraph 2 below.

### **2. Recommendations**

- 2.1 That the feedback from consultation with the public, organisations and the Overview and Scrutiny and Audit Committees be considered and welcomed (detailed at **Appendices 1, 2, and 3**).

- 2.2 That the changes to the proposed budget (detailed at paragraph 3.57), in light of the consultation responses, equalities issues, technical adjustments and the Final Formula Funding Settlement, be agreed.
- 2.3 That a General Fund Revenue Budget for 2015/16 of £29.1m (excluding parishes) be recommended to the Council (detailed in paragraph 3.47 and **Appendices 4, 5 and 6**) for its own purposes.
- 2.4 That the Council be recommended not to increase the Council Tax for its own purposes that is, excluding County, Police, and Parish Precepts for 2015/16.
- 2.5 That the Cabinet recommend to Council that they approve the General Fund Capital Programme for 2015-16, including future year commitments, and proposed financing as set out in **Appendix 7**.
- 2.6 That the Council be recommended to confirm the outcomes of the Reserves Strategy Review. Aiming for a minimum level of unallocated general fund balances of at least £4.9m for 2015/16 having regard to the outcome of the financial risk assessment and also note the position on earmarked reserves (**Appendix 8**).
- 2.7 That authority be delegated to the Chief Finance Officer in consultation with the Cabinet Member for Finance, and where appropriate the relevant Director and Cabinet Member to:
- Transfer monies to/from earmarked reserves should that become necessary during the financial year.
  - Establish criteria linked to return on investment & payback for the use of the new Invest to Save Earmarked Reserve.
  - Update prudential indicators in both the Prudential Indicators Report and Treasury Strategy Report, for Council for any budget changes that impact on these.
- 2.8 That the Cabinet notes the key medium term financial issues as set out in **Appendix 9**.
- 2.9 That the draft Fees and Charges set out in **Appendix 10** be noted.
- 2.10 That authority be delegated to the Chief Finance Officer to make any technical changes necessary to the papers for the Council meeting of 23 February 2015, including changes relating to Parish Precepts and Council Tax levels associated with those changes.
- 2.11 That Council be recommended to delegate authority to the Chief Executive and Chief Finance Officer to implement all budget options and restructures.
- 2.12 That Cabinet note a supplementary estimate for forward funding from the New Homes Bonus Reserve for the Enterprise Zone as set out in paragraph 3.55.



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

#### **3.1 Report Background**

##### **National Position**

3.2 The latest data and intelligence surrounding the UK economy is positive. However, there remains some uncertainty over the outlook for the UK and this will continue to put pressure on Local Government finances over the medium term. This was emphasised in the Autumn Statement announced on 3rd December 2014 with clear expectations that public sector funding would continue to be reduced in the next spending review period in line with those seen in the current spending review. This would indicate local government could see its funding reduce by 10% per annum until at least 2018, possibly longer.

3.3 In October 2010 the Government announced its 2010 Spending Review (SR10) and subsequent Spending Rounds, which set budgets for Government departments up to 2015/16.

##### **Government Funding and Policy Changes**

3.6 In addition to unprecedented funding reductions local government has seen significant changes to the way it receives its funding and new policy initiatives. A number of these changes are set out below.

##### **Business Rates Retention Scheme**

3.7 The previous grant regime was replaced with a Business Rate Retention Scheme in April 2013. The key aim of this is to incentivise local business growth. Following extensive lobbying from local government, it was announced that at least 25% of business rates growth will be retained locally. The Council is working with other councils across Northamptonshire to continue to maximise the pooling arrangement across the county. These arrangements seek to retain a larger proportion of the growth.

For 2015/16 the revised pooling arrangement means that Northampton Borough Council is not included directly in the pool approved by CLG. Although the Council is no longer in the direct pooling arrangement, we will continue to work closely with all other Councils across Northamptonshire to maximise the benefits for the County.

The Council has entered into a separate agreement which will allow the benefits realised to be shared amongst all Northamptonshire Councils.

As well as sharing in the benefits of growth the Council also takes the risk of volatility in the business rates system. Examples of such volatility include successful appeals by business against their rateable value and the timing effects of regeneration.

### **Local Council Tax Support Scheme**

- 3.8 The Council Tax Benefit System ceased at the end of March 2013 as a result of the Welfare Reform Act, and was replaced with the localised scheme administered by the Council. The Government included the funding for Council Tax Support in its funding for local government which is being reduced by around 10% per annum. The expectation is that this would be offset by changes to Council Tax discounts/exemptions and reductions in expenditure to those receiving Council Tax Support. Council approved the CTRS scheme for 2015/16 in January 2015 which increased the amount an eligible taxpayer pays towards their Council Tax bills from 15% to 21%.

### **Welfare Reform**

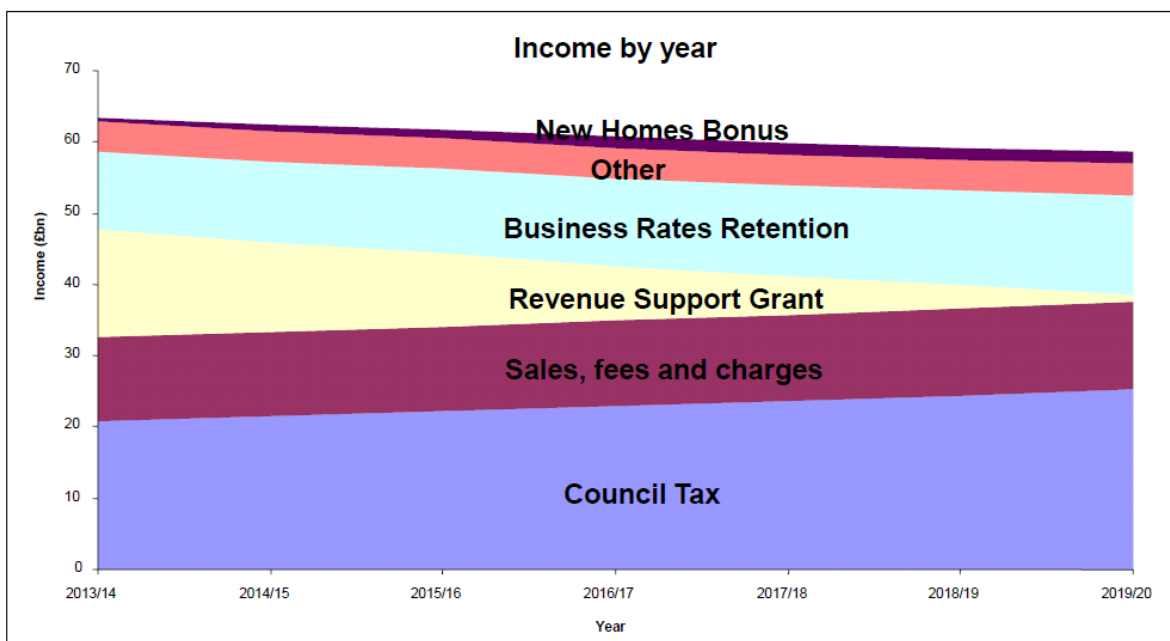
- 3.9 Over the medium term planning period, more information and detail will be released about universal credit and other welfare reform initiatives which will have an impact upon the current service provision of NBC.
- 3.10 Universal Credit is available to people who are on a low income or are out of work. It aims to make the welfare system simpler by replacing six benefits and tax credits with a single monthly payment. It includes support for the costs of housing, children and childcare, as well as support for disabled people and carers. It was first introduced in parts of Greater Manchester and Cheshire in April 2013. From June 2014 jobcentres across the north-west gradually started to take claims, these were for unemployed single claimants with no housing costs. In July 2014, the new service also became available for new claims from couples in all live site areas across England, Scotland and Wales. This extended to families from autumn 2014. The Government has confirmed that they remain on track to deliver Universal Credit safely and securely by 2017. NBC is due to go live with Universal Credit in November 2015 and expects to receive a small number of applications from October 2015. LGSS are making relevant plans to support the process in the second half of the year.
- 3.11 During 2014/15 the responsibility for the Single Fraud Investigation Service (SFIS) was transferred to the Department for Work and Pensions (DWP), this transfer also included staff from the Council. The implications of this transfer have been incorporated into the MTFP.

### **New Homes Bonus**

- 3.12 New Homes Bonus (NHB) is a core funding stream which is effectively replacing other funding streams, such as Revenue Support Grant (RSG), which are now reducing at a much faster rate than anticipated. A significant proportion of NHB is used to support local infrastructure, projects and initiatives which provide economic benefit within the borough. 2015/16 is year 5 of the Scheme which provides payments for a 6 year period. The amount of funding received through NHB has been building up over the past 5 years from £0.8m to £3.8m. The outcome of the upcoming elections is increasing the amount of uncertainty surrounding the future of NHB. The Council has assessed this risk as part of the risk assessment of reserves and will continue to closely monitor the funding announcements during 2015/16.

### **Local Position**

- 3.13 The National economic position has had, and continues to have, specific repercussions locally. In addition to significant reductions in government funding since 2010 the following impacts have been felt locally:
- 3.14 Investment interest levels remain low, and are expected to do so for at least the next few years before rising gradually.
- 3.15 Funding for capital expenditure is linked both to revenue funding in relation to borrowing costs and the Council's ability to generate capital receipts.
- 3.16 There remains some short term uncertainty, but the biggest risks facing the Council are in assessing the financial implications of our continuing to provide services at current levels and the proposed changes to Local Government funding over the medium term.
- 3.17 These projected changes to local government funding are starkly presented in the graph produced by the Department for Communities & Local Government (DCLG) below. The graph clearly shows the total level of funding for local government is forecast to reduce over the next few years. However, within this the Revenue Support Grant element of the framework for funding local government effectively drops away to nil over the period. This represents a dramatic shift in the historical funding position of local authorities and the inevitable conclusion is one of greater dependence on local self-determination.

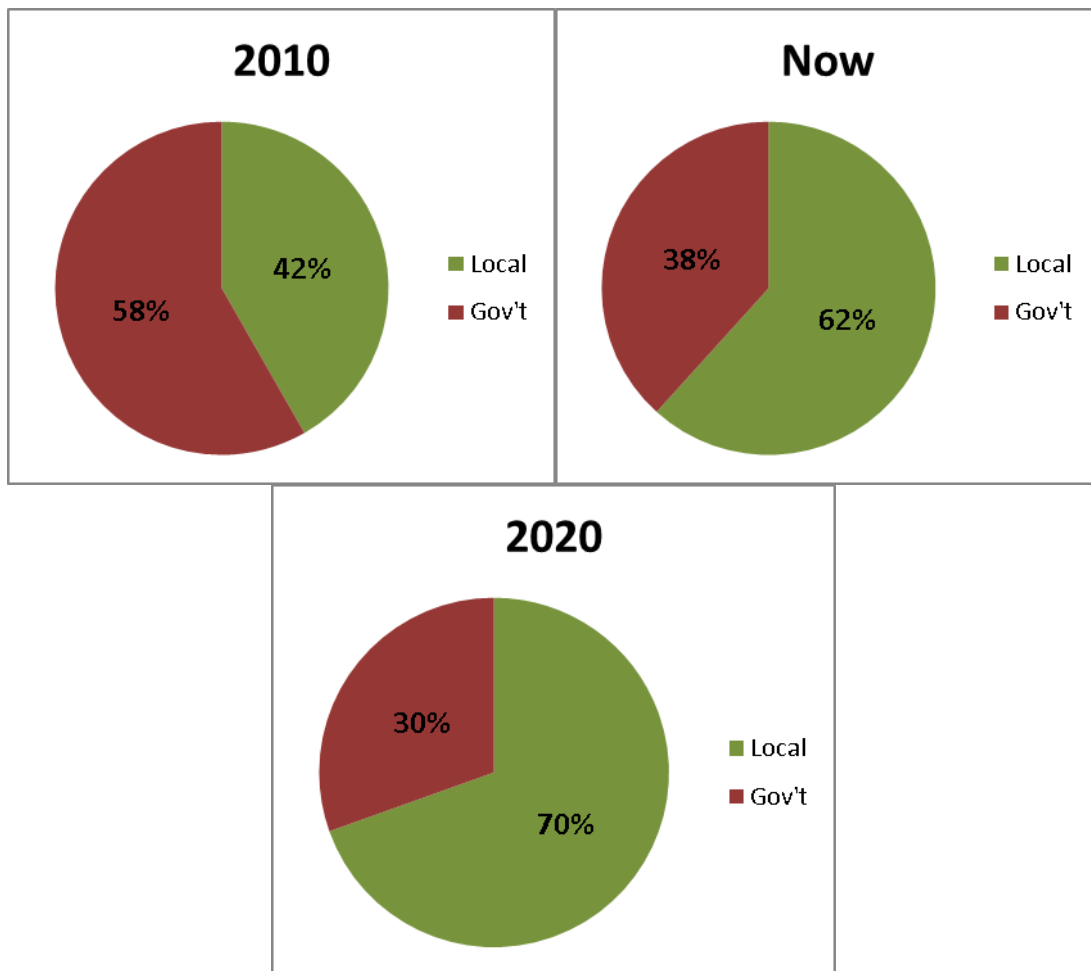


3.18 It should be noted that alongside this increased reliance on business rates together with the decline of the RSG, local authorities bear a higher degree of risk under the Business Rates Retention Scheme.

This has a greater extent of risk sharing between local and central Government than the previous formula funding regime. While Northampton is positive about the new scheme, there are risks for example in relation to demolitions for redevelopment projects.

3.19 Since 2010 the way Councils are funded has changed. The graphs below demonstrate how the balance has changed between what is funded directly by the Government versus what is raised locally. The latter now accounts for over 60% of funding the Council manages. This trend is anticipated to continue in future years as Government funding reduces. Funding from Central Government refers to grants and funding received directly from the Government, such as Revenue Support Grant. Funding raised locally refers to funding generated directly within the Borough such as Council Tax, New Homes Bonus and Business Rates. This can be increased by stimulating economic growth within the Borough.

3.20 The Government's changes around the Business Rate Retention Scheme and Localisation of Council Tax Support are a major part of the reason for this shift in funding. By the end of MTFs period in 2018/19 it is forecast that 70% of the Council's funding will be raised locally, with the remainder coming from Government.



### Autumn Statement –December 2014

- 3.21 On the 3rd December the Chancellor of the Exchequer, George Osborne, made his 2014 Autumn Statement in the House of Commons. The final Autumn Statement before next year's general election outlined the Government's spending and tax plans, based on the latest forecasts from the Office for Budget Responsibility (OBR). Alongside the Autumn Statement the OBR published its Economic and Fiscal Outlook (EFO), containing its forecasts for the economy and the public finances, and an assessment of whether the Government is likely to achieve its fiscal mandate and supplementary target.
- 3.22 The Chancellor said the announcements he made in the Autumn Statement were 'not a giveaway', and warned 'substantial savings' in public spending would be needed. In the Economic and Fiscal Outlook, the OBR said the Treasury's figures imply that 'roughly 40% of the total implied cut in day-to-day public services spending between 2009/10 and 2019/20 will have taken place over this Parliament, with roughly 60 per cent to come in the next'. The key points coming out of the Statement for local authorities are:
- 3.23 Review of the Structure of Business Rates - A review of the structure of business rates will be carried out by the Government, reporting by Budget 2016. The review will be fiscally neutral and consistent with the Government's agreed financing of local authorities.

- 3.24 Review of the Administration of Business Rates - The government will publish its interim findings from the review of business rates administration in December 2015, setting out how it will respond to businesses' calls for clearer billing, better information sharing and a more efficient appeal system. The consultation process, which the SCT responded to, closed in June 2014.
- 3.25 Small Business Rate Relief - The Small Business Rate Relief (SBRR) will be doubled for a further year to provide 100% relief from business rates for 2015/16.
- 3.26 Business Rate Increases - The business rate increase will be capped at 2% for a further year. Business rates for 2015/16 would have risen by the September 2014 RPI. £125m has been set aside to compensate local authorities for the difference between the 2% cap and the September RPI figure, as was the case for 2014/15.
- 3.27 Council Tax – No new announcements on Council Tax were made in the Autumn Statement.

#### **Final Local Government Finance Settlement**

- 3.28 The Government recently announced the final Local Government Finance Settlement for 2015/16 and this did not change the funding allocated to the Council from the funding set out in the provisional settlement. Government funding through Revenue Support Grant and Business Rates baseline has decreased by 16% in 2015/16 to £11.1m.
- 3.29 The national funding indicator of spending power, set out a reduction of 2.7% for the Council reducing overall funding (including Council Tax and New Homes Bonus) to £29.1m.

#### **Local Preparation**

- 3.30 The Management Board approved the timetable and process for the Medium Term Financial Plan and budgets in the summer 2014. The report set out the financial parameters for budget projections 2015/16 to 2019/20.
- 3.31 The budget process is closely linked to the Corporate Plan and the objectives set out in it, which are also reflected in the Medium Term Financial Plan.
- 3.32 The draft Budget proposals were considered by Cabinet at its meeting in December 2014 and have been subject to a period of consultation.

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

- 3.33 The overall purpose of the MTFP is to enable the Council to manage its future finances and ensure that its plans are sustainable. This is becoming increasingly more challenging because of government spending reductions, government policy changes, and some significant uncertainties over future costs and income.

- 3.34 The Cabinet remains clear in its determination to continue towards its ambition to be amongst the best Councils in terms of public service, providing value for money and services to the community. The Council will not be deflected from this aim by external factors. However, it does recognise that they make it more challenging to accomplish, particularly in an environment where funding is reducing.
- 3.35 Each year the Council reviews, considers and refreshes its financial position. The assumptions, pressures and risks are assessed, and developed into a model for forecasting the most likely financial position over the medium term. The Medium term financial position is considered over 5 years to reflect the indications from Government that the current pressures on public sector funding are likely to continue until at least 2018. This is an important part of the framework for future budget-setting decisions. The process identifies the cost of providing existing services as well as any additional services or enhancements the Council deems as priorities. From these forecasts, the affordability of these plans can be assessed with reference to the likely impact they will have on taxation levels and the level of reserves and balances.
- 3.36 The MTFP includes the Council's capital spend plans as these have a direct and sometimes significant impact on our revenue expenditure.
- 3.37 The Council has made fundamental changes over the last four years in the way it delivers value for money services. These changes are as a direct result of the reductions in funding and policy change in local government. This has placed the authority in a better position than it would otherwise have been. However, the Council has to implement further change over the period of the MTFP to ensure it remains financially sustainable and still delivers value for money services.
- 3.38 The Council aims to deliver as much of its savings requirements as possible through efficiencies before considering other options to balance its budget.
- 3.39 The Council over the last few years has significantly reduced its cost base, by establishing a more mixed economy of service delivery. This has included:
- the externalisation of Environmental services,
  - the creation of the Leisure Trust,
  - reducing the costs of its management,
  - changing the terms and conditions of staff, and
  - the partnership with LGSS to deliver back office services.

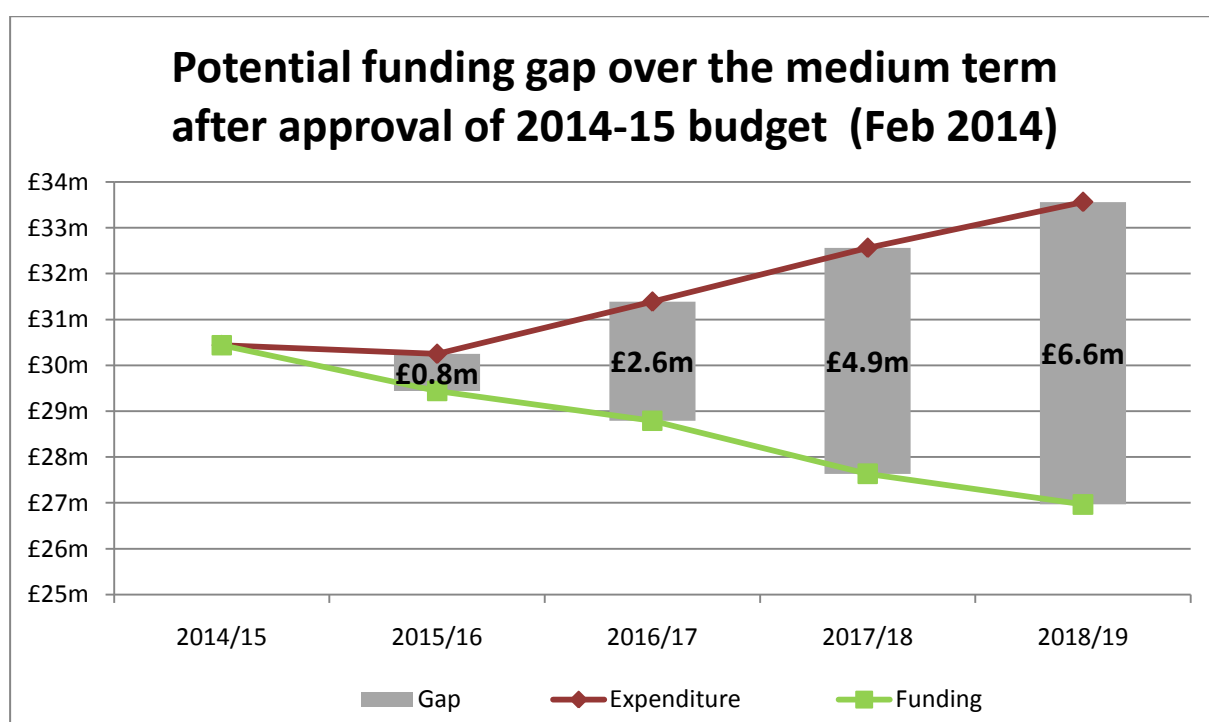
Despite the changes the funding pressures have increased and the Council still needs to drive forward change and deliver more savings whilst improving services. In recent years the Council has supported the town through difficult economic times and invested in its future through a number of initiatives, including:

- providing free town centre car parking at the weekend and for 2 hours in the week,
- supported businesses through the Business Incentive Scheme,
- delivering growth in the Waterside Enterprise Zone, and
- regeneration and improvements to the town centre, including Abington

Street and Guildhall Road.

3.40 The Council has set up an Arm's Length Management Organisation (ALMO) known as Northampton Partnership Homes (NPH) from 5 January 2015. The aim is to improve housing services to tenants and achieve improvements in value for money. More information on the financial implications of NPH are contained in the Housing Revenue Account (HRA) report elsewhere on this agenda. It should be noted that there is an element of the General Fund housing service that will be managed by NPH.

3.41 As at February 2014 the graph below demonstrates the potential funding gap over the medium term if the Council continues to deliver the same level of services as it currently provides, continues with its current risk appetite and does not take any mitigating action.



3.42 The table below reflects the main changes since February 2014.



<b>Description</b>	<b>Budget 2015/16 £000s</b>
<b>Potential funding gap (Feb 2014)</b>	808
<b>Changes in:</b>	
Service Base Budget	(172)
Corporate Budgets	(806)
Contribution to Reserves	2,396
<b>Net Budget</b>	<b>2,226</b>
Revenue Support Grant	(207)
Business Rates	1,052
Council Tax	(75)
New Homes Bonus	(477)
<b>Total Funding</b>	<b>293</b>
<b>Funding gap 2015/16 (Feb 2015)</b>	<b>2,519</b>

- 3.43 The revised funding gap 2015/16 as at Feb 2015 of £2.519m is being closed through a series of savings proposals which are covered in paragraphs 3.45 to 3.47 of this report.
- 3.44 The MTFP and Budget 2015/16 set out in this report at Appendix 4 have been developed to address the financial challenges identified above. The MTFP that is presented in this report ensures that the financial position of the Council over the medium term is both stable and sustainable, with its resources focussed on priorities.

#### **Draft General Fund Revenue Budget 2014/15 - Cabinet 17 December 2014**

- 3.45 The Cabinet met on the 17 December 2014 and recommended proposals for consultation. The headlines were:
- a) No proposed Council Tax increase, for the Council's own purposes, for 2015/16, and no annual increases be adopted as planning parameters for the financial years 2016/17 to 2019/20;
  - b) A General Fund Budget of £28.9m (including parishes)
- 3.46 New efficiency savings options totalling £2.5m had been proposed for consultation to close the gap. Investment in priority areas totalling £467k was also proposed for 2015/16.
- 3.47 The Council's programme for delivering efficient cost effective services had effectively closed the 2015/16 budget/funding gap, by looking at efficiency improvements and considering the balance between using reductions in service levels in some areas and increasing income in others. The table following shows a summary of the draft Budget 2015/16 position.

<b>Description</b>	<b>2015/16 £000s</b>
Service Base Budget	32,340
Savings	(2,519)
Growth	467
Gross Revenue Budget	30,288
Corporate Budgets	(3,436)
Contribution to Reserves	2,298
<b>Net Budget</b>	<b>29,149</b>
Revenue Support Grant	(4,964)
Business Rates	(6,201)
Council Tax	(14,149)
New Homes Bonus	(3,836)
<b>Total Funding</b>	<b>(29,149)</b>
<b>Savings to be identified</b>	<b>(0)</b>

### **Bridging the Funding Gap**

- 3.48 Over the medium term the Council will need to increase income or deliver savings to meet the funding gap. The funding gap is now projected to be £7.1m by 2019/20. It is not possible to bridge the gap over the medium term solely by continuing the approach that has previously been applied. It is almost inevitable that, before the end of the current MTFP period, more radical options for cost reduction will need to be considered.
- 3.49 The revised funding gap in 2015/16 increased to £2.5m and has been closed by the putting forward of a number of saving options that were subject to consultation over the consultation period.

### **Council Tax**

- 3.50 In line with previous years, the Secretary of State has proposed that a referendum trigger of 2% or above will apply for all principal local authorities in 2015/16. At present this is not proposed to apply to local precepting authorities (Town and Parish Councils) for 2015/16.
- 3.51 The draft Budget 2015/16 and MTFP assumed a 0% increase in Council Tax for each of the 5 years.
- 3.52 The Council on a 0% Council Tax rise would be eligible for a Council Tax Freeze grant, which is anticipated to be the equivalent of 1% of Council Tax, to mitigate the cost. This equates to approximately £152k per year and is currently anticipated for two years. As indicated by Government this Grant is expected to be incorporated within the baseline funding position for the Council in the future.

- 3.53 Cabinet consulted with the public on taking up the Government offer of assistance to enable it to propose a 0% increase for 2015/16.
- 3.54 The Band D level of Council Tax (excluding parishes) for the last few years is shown in the table below:

	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2013/14 £	2014/15 £	2015/16 £
NBC	209.65	209.62	209.57	209.57	208.19	207.91	207.91
NCC	1,028.11	1,028.11	1,028.11	1,028.11	1,028.11	1,048.57	TBC
NPCC	193.20	193.20	193.20	193.20	193.20	197.04	TBC
<b>Total</b>	<b>1,430.96</b>	<b>1,430.93</b>	<b>1,430.88</b>	<b>1,430.88</b>	<b>1,429.50</b>	<b>1,453.52</b>	<b>TBC</b>

### 2014-15 Budget Supplementary Estimate Note

- 3.55 At the Enterprise Zone Board on 11th December 2014, approval was given for additional budget of £428,971 for NBC 'administration costs' in 2014/15. This expenditure can be forward funded by NBC from the New Home Bonus Reserve, before being reclaimed from SEMLEP through the Business Rates Uplift Mechanism. Cabinet is asked to note this requirement with approval to be sought for a Supplementary Estimate from the New Homes Bonus Reserve to forward fund this expenditure.

### Draft General Fund Revenue Budget Position – Cabinet 18 February 2015

- 3.56 Further work has been undertaken to refine the budget since 17<sup>th</sup> December 2014. This includes the final Local Government Finance Settlement adjustments, changes to proposed savings options, updated assumptions to the continuation budget and a number of technical adjustments
- 3.57 Since the draft Budget was proposed by Cabinet on 17 December 2014 the position has changed as follows:

<b>Summary of Changes since 17 December 2014 Cabinet</b>	<b>Budget 2015/16</b>
Continuation Budget Changes (net changes)	(126,048)
Technical Changes to Corporate Budgets	(106,000)
Contribution to/(from) Earmarked Reserves	475,528
<b>Total Changes to Net Budget</b>	<b>243,480</b>
<b>Changes to Funding</b>	
Revenue Support Grant	(186,375)
NNDR	51,671
Council Tax Freeze Grant 14/15	151,872
New Homes Bonus	(260,682)
Total DCLG Funding	(243,514)
Parish Grants	33
<b>Total Changes to Funding</b>	<b>(243,480)</b>

## **General Fund Capital Programme The Financial Position**

- 3.58 The Council continues to face an extremely challenging financial situation in the short to medium term. Reductions in overall revenue funding constrain the ability to undertake borrowing in support of capital expenditure due to its impact on interest and Minimum Revenue Provision (MRP) charges.
- 3.59 The national economic situation continues to make it difficult to realise capital receipts. These cannot be utilised until actually received.
- 3.60 Grant funding has also been affected where grant-awarding bodies are being forced to tighten their belts. New sources of grant funding are continually being sought to finance schemes, the outcome of which often becomes known during the course of the year. In line with the delegation scheme, capital schemes that are fully funded from external grants and contributions and in accordance with the objectives and priorities of the Council can be added to the programme with the approval of the Chief Finance Officer. This enables such schemes to commence promptly and achieve their objectives in line with grant conditions.

## **Building the Capital Programme**

- 3.61 Capital expenditure represents major investment in new and improved assets such as land, buildings, infrastructure, equipment and information technology. It therefore plays a key part in the development of the Council's services. The Capital Programme has been developed through strategic discussions at the Capital Programme Board, recognising the Council's corporate priorities for the development of assets and service, and the need to realise efficiency savings.
- 3.62 The proposed Capital Programme for 2015-16 to 2019-20 is attached at Appendix 7. The value of the total proposed Capital Programme for 2015-16 is £60.987m. A summary of the draft programme and final proposed programme is shown in the table below.

<b>Description</b>	<b>DRAFT Budget 2015/16 £000s</b>	<b>PROPOSED Budget 2015/16 £000s</b>
<b>Capital programme 2015-16</b>		
Housing General Fund	1,875	1,875
IT Improvements	175	175
Town Centre Improvements	3,150	3,350
Heritage and Culture	4,127	4,277
Block Programmes	1,190	1,121
Enterprise Zone	<b>1,400</b>	1,400
<b>Loans</b>	<b>1,500</b>	<b>47,800</b>
<b>Other</b>	<b>788</b>	<b>989</b>
<b>Total GF Capital Programme</b>	<b>14,205</b>	<b>60,987</b>
<b>Funding Source:</b>		
Borrowing (incl self-funded)	3,003	49,303
Capital Receipts	5,239	4,721
Grants & Third Party Contributions	3,932	4,932
Growing Places Fund/Local Infrastructure Fund	1,400	1,400
Revenue/Earmarked Reserves	631	631
<b>Total Funding</b>	<b>14,205</b>	<b>60,987</b>

- 3.63 The proposed programme for 2015/16 now includes a loan of £46m to the University of Northampton, as approved by Cabinet in September 2014. This has no net impact on the Council's finances as the money is borrowed from the Public Works Loan Board, with repayments and interest costs met by the University.
- 3.64 The schemes have been prioritised within the resources available.
- 3.65 There is continuing significant demand for Disabled Facilities Grants. These are mandatory for the Council when the homeowner has made a full application. The proposed programme includes a budget of £1.875m for 2015/16.
- 3.66 The proposed programme for 2015/16 includes significant schemes supporting Council priorities in relation to heritage, regeneration and town centre improvements, as well as meeting the Council's statutory responsibilities.
- 3.67 In addition, there are block programme schemes. These will provide funding for individual schemes to improve and enhance the Council's assets and meet its responsibilities as a landlord. Individual schemes will be subject to

appraisal and approval by the Capital Programme Board prior to commencement.

### **Capital Strategy**

- 3.68 The Capital Strategy was approved by Council on 29<sup>th</sup> February 2012 and remains current. The aim of the Capital Strategy is to provide a clear framework for capital funding and expenditure decisions in the context of the Council's vision, values, objectives and priorities, financial resources and spending plans. The Strategy will be reviewed and updated as part of the next update of medium term financial plans during 2015.

### **Use of Balances**

- 3.69 A prudent level of reserves and working balance, along with appropriate application of reserves, should be part of the overall budget. The Chief Finance Officer reviews the level of balances required to support the general fund spend annually as part of a robust risk assessment. This risk assessment suggests that the minimum level of balances, taking all known risks into account along with the Council's gross expenditure requirement, should be maintained at £4.9m for 2015/16. This minimum level is designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year.
- 3.70 In determining the potential use of the reserves, the five year financial strategy takes into account previous years' spending trends, in particular the projected general fund 2014/15 outturn.
- 3.71 In the medium to longer term higher levels of General Fund Balances may be required, depending on changes to the risk profile of the organisation. It should also be noted that the General Fund Balance can only accommodate the impact of significant events up to the level set, and would need to be replenished if one or more such events actually occur.
- 3.72 The 2015/16 Budget assumes no use of general fund balances in 2014/15.
- 3.73 A major review of the General and Earmarked Reserves position has been undertaken by the Chief Finance Officer and Management Board. The aims of this review have been to ensure the council has financial risks effectively covered, rationalise the number of earmarked reserves, manage risks collectively rather than individually and create funds to enable the investment required to assist in the delivery of the MTFP funding gap. The outcome of this review is detailed in the Appendix 8 to this report.
- 3.74 Following the review it is proposed that a Strategic Investment Reserve is set up to allow future investment in activities which meet strategic priorities and objectives, reduce the spending pressures being faced by the Council and/or raise additional funding streams which close the gap.

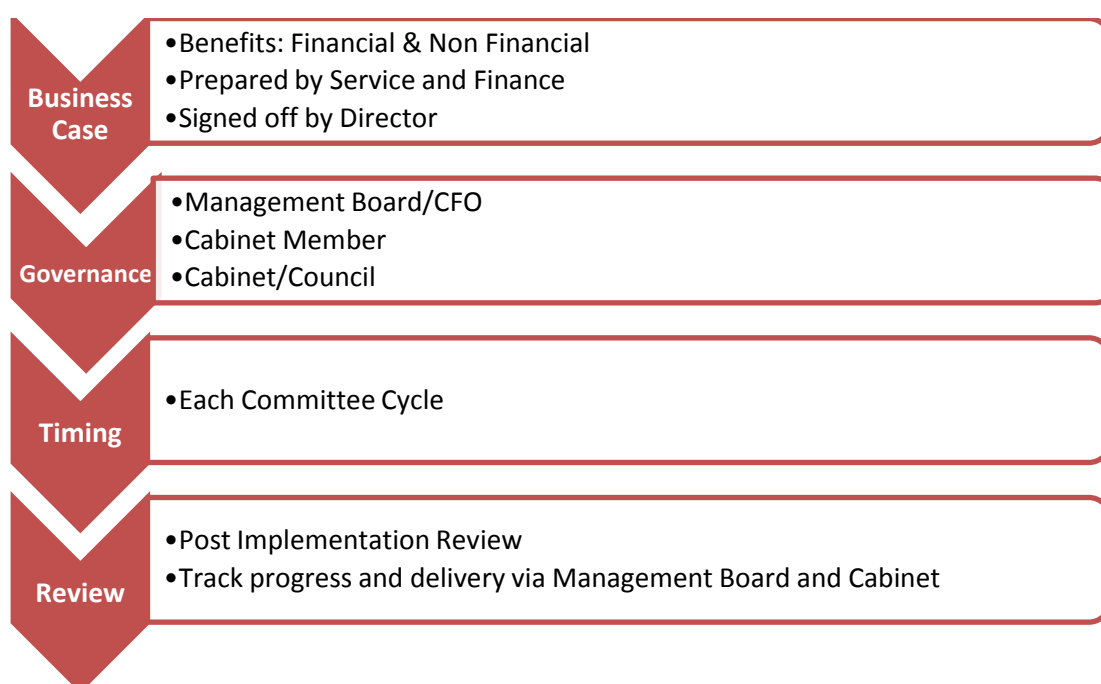
It is proposed that any drawdown from the Strategic Investment Reserve will be on a business case basis. The business cases put forward will be subject to approval in line with the Council's Constitution.

*“The Chief Finance Officer, in consultation with the Cabinet Member for Finance, and where appropriate the relevant Director and Cabinet Member, may transfer monies to or from earmarked reserves”*

The Strategic Investment Reserve is intended to be subject to a business case and criteria for its use. These include:

- Payback – Usually within the MTFP period (or longer where a business case sets out the strategic need)
- Return on Investment (RoI) – Positive benefit to Council
- Corporate Priorities – Clearly meets set objectives and priorities

Any investment made will follow the Council’s governance process. A summary is set out below:



### **Robustness of Estimates and Adequacy of Reserves**

3.75 The Local Government Act 2003 places a duty on the Chief Finance Officer to comment on ‘the robustness of the estimates’ included in the budget and the adequacy of the reserves for which the budget provides. This is subject to a separate report to this Cabinet meeting.

### **Revised Proposals**

3.76 Appendix 4 sets out a summary of the revised budgets covering 2015/16 to 2019/20 to be recommended to the Council. The main features are:

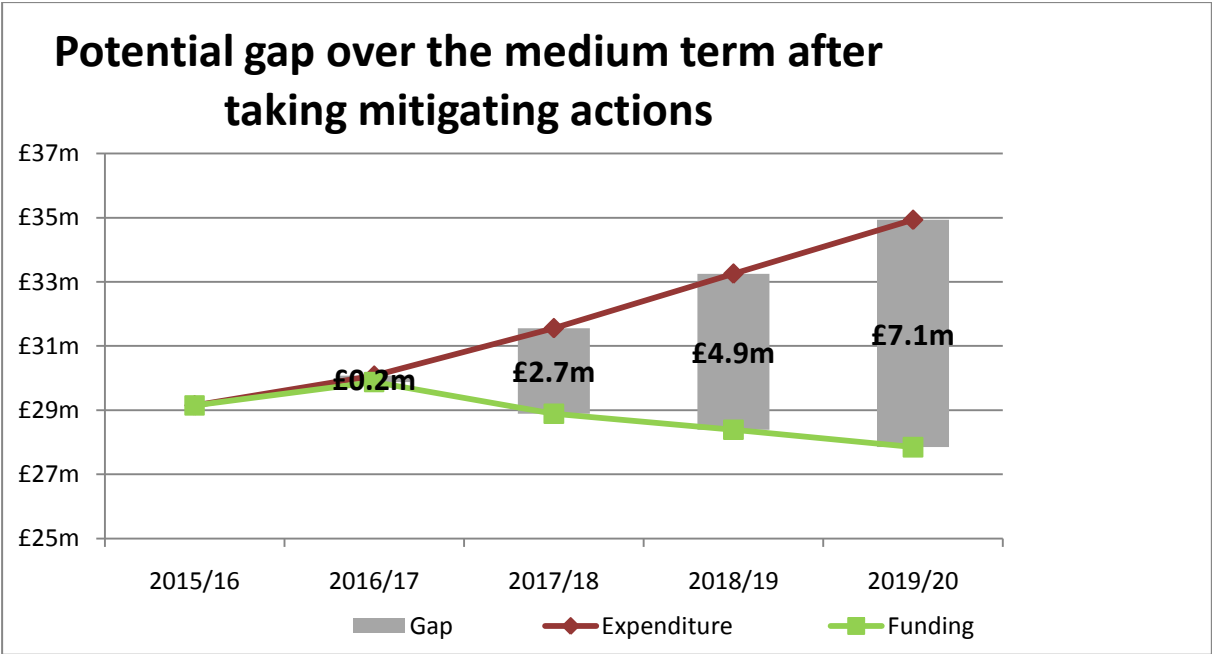
- a) No Council Tax increase, for the Council’s own purposes (excluding precepts), for 2015/16;
- b) A General Fund Budget for 2015/16 of £29.149m (including parishes).
- c) A planning parameter of 0% indicative annual Council Tax increases, for the Council’s own purposes (excluding precepts), for 2015/16 – 2016/17

3.77 The Council’s Budget for its own purposes (excluding parishes) is £29.1m.

<b>The Council’s Budget for its Own Purposes</b>	<b>£m</b>
Revenue Budget Requirement including Parishes	30.172
Less: Parish Precepts	(1.022)
<b>Amount to be Funded by Government Grant and Council Tax Excluding Parishes</b>	<b>29.150</b>

3.78 The Government have set the level of Council Tax increase above which a referendum would be required at 2%. Northampton’s budget proposes a 0% Council Tax increase, and therefore falls well within the limit.

**Medium Term Implications**



3.79 The financial position set out in the graph above is not financially sustainable and if the Council did not take mitigating action to address this it would need to fund the gap by using its General Fund balances. The level of General Fund balances, also referred to as the minimum level of reserves, are currently set at a risk assessed level of £4.9m

3.80 In setting a Budget for 2015/16, the Cabinet and the Council must take into account the implications for the following four years financial strategy, namely 2016/17 – 2019/20. There are significant planned efficiency savings in 2015/16 and the following years, which will require action to be taken now if they are to be secured within the planned timescales.

3.81 Appendix 4 also sets out the Budget projections for 2015/16 to 2019/20 and the key features of the projections including assumptions of the level of Formula funding and Council Tax funding.



- 3.82 The Medium Term Plan assumes that the Council will achieve year on year cashable efficiencies, 2015/16, and this has been built into the financial strategy from 2015/16 onwards. Plans will be developed to deliver the required savings as part of the 2015/16 medium term planning process.
- 3.83 The financial projections identify the need to:
- a) Continue the search for efficiencies in accordance with Government requirements; and
  - b) Make sure the Council's ambitions are set within the context of the available funding envelope.
- 3.84 The Medium Term Budget projections also highlight the need to continue to develop the organisation's future strategy through the Corporate Plan. The key medium term financial issues identified are attached at Appendix 8.

### **Fees and Charges**

- 3.85 The Schedule of Draft Fees and Charges for 2015/16 is attached at Appendix 9. The Cabinet is recommended to note the fees and charges that have been reflected in the budgeted income figures. These figures have been reviewed through the Medium Term Planning process and updated where feasible.

### **Treasury Management**

- 3.86 The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. It is a requirement under the Treasury Code of Practice to produce an annual strategy report on proposed treasury management activities for the year. The Council's Treasury Management Strategy (TMS) for 2015-16 is a separate agenda item for Cabinet to approve at its meeting of the 18 February 2015.
- 3.87 The TMS takes into account the impact of the Council's Medium Term Financial Plan, its Revenue Budget and Capital Programme, the balance sheet position and the outlook for interest rates. It includes, inter alia:
- The Affordable Borrowing Limit for 2015-16
  - The Council's policy on the Minimum Revenue Provision (MRP) for the repayment of debt
  - The Investment Strategy for 2015-16
  - The Prudential and Treasury Indicators for 2015-16 to 2019-20
  - The Council's policy on borrowing in advance of need
  - The Council's counterparty creditworthiness policy

### **The Next Steps**

- 3.88 The timetable for the 2015/16 Budget process requires a meeting of the Council on 23 February 2015, at which consideration will be given to the recommendations of this Cabinet in relation to the expenditure and tax proposals that relate to the Council's own spending.

- 3.89 In addition to the Council's own Council Tax, there are separate Council Taxes for the County, Police, and the Parishes. Not all of these precepting bodies have set their Council Taxes at the date of the Cabinet report being written, with the result that these will be reported to the Cabinet if known by that date and at Council on 23 February 2015 in any event.

### **Choices (Options)**

- 3.90 It is recommended that Cabinet make the recommendations to Council as detailed in section 2 of this report, taking into account the items detailed for noting.
- 3.91 The Cabinet may choose to make amendments to the proposed budgets or to the proposed Council Tax increase and adjust the budget proposals accordingly, in consultation with the Chief Executive and the Chief Finance Officer. It would then recommend the amended Budget and Council Tax (if applicable) to Council.

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

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### **4.1 Policy**

- 4.2 In carrying out its business, the authority has a number of general and specific duties, which must be taken into account through the Medium Term Planning process and on to the setting of the Budget. Most duties to which the authority is subject are specific but some are generic to all of its functions, including the setting of the Budget.

- 4.3 Currently such duties include:

- a) the crime and disorder duty - to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area; and
- b) the race equality duty - in carrying out its functions, to have due regard to the need
  - to eliminate unlawful racial discrimination; and
  - to promote equality of opportunity and good relations between persons of different racial groups.
- c) the disability equality duty - in carrying out its functions to have 'due regard' in the exercise of all of the authority's functions to:
  - eliminate unlawful disability discrimination, and
  - promote disability equality
- d) the gender equality duty - in carrying out its functions to have 'due regard' in the exercise of all of the authority's functions to
  - eliminate unlawful gender discrimination, and
  - promote equality of opportunity between men and women.

### **4.4 Resources and Risk**

- 4.5 The resource implications are detailed throughout the Report and Appendices.
- 4.6 The robustness of the estimates and adequacy of the Council's reserves are subject to a separate report.

4.7 A detailed report on risk and the 2015-20 Budget was also considered by the Audit Committee at its meeting on 12 January 2015, which is a background paper to this Report.

4.8 **Legal**

4.9 The Council must set a balanced budget for the next financial year by midnight on 11 March 2015 (Local Government Finance Act 1992 section 32 (10)). Failure to do this would leave the Council potentially vulnerable to court action by way of judicial review on the part of the Audit Commission. Delay in sending out Council Tax demands would result in losses being incurred by the Council.

4.10 The authority has specific legal duties in relation to equalities and financial decision making – see 4.12 below.

4.11 There are no further specific legal issues arising from this Report.

4.12 **Equality**

4.13 Under the general equality duty (as set out in the Equality Act 2010), public authorities are required to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.

4.14 The law requires that this duty to have due regard be demonstrated in decision making processes. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had due regard to the aims of the equality duty.

4.15 It is also important to note that public authorities subject to the equality duty are also likely to be subject to the obligations under the Human Rights Act. We would therefore recommend that public authorities should consider the potential impact their decisions could have on human rights.

4.16 Equality and Community Impact were considered as part of the Budget build process, and an impact assessment/screening was completed as part of each appropriate medium term planning option submitted. An Equality and Community Impact Assessment for the Budget Consultation was made public as part of the Budget Consultation.

4.17 Members are required to have specific regard to the equalities issues identified when making the decision to approve the Budget options. The detailed Equalities Impact Assessments are available on the Internet as a background paper to this report.

4.18 Where issues have been identified and the option is approved, the detailed Equalities Impact Assessment will be used to inform the implementation of the Budget option.

4,19 **Consultation**

- 4.20 Consultation was undertaken in line with a robust [Budget Consultation Programme](#). The process was carried out in two phases, internally, involving the formulation of options at service level followed by challenge by Management Board and relevant Cabinet members, and externally, involving public consultation with residents, businesses and interested stakeholders
- 4.21 Public Consultation commenced 17 December 2014 and ended 31 January 2015. The consultation period will formally close on the date the Budget is approved in February 2015.
- 4.22 People were asked if they agreed with freezing Council Tax levels for a further year and if they would be prepared to pay more if it helped the Council protect or improve services. Views were also asked to comment in relation to the Budget options proposed and also invited to suggest any other ideas that would achieve savings or improvements.
- 4.23 The Council's dedicated Budget information web pages received over **2000** visits and **90** people completed online questionnaires providing more than **91** comments. Full details of the methodology and results are included in Appendix 1
- 4.24 Public consultation found that over **2** out of **3** respondents agree with proposals to freeze Council Tax whilst **3** out of **5** would be willing to pay more in certain circumstances, in particular if this contributed to protect/improve services. Full results, including comments on proposals and alternative suggestions are available in Appendix 1
- 4.25 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 26 January 2014. The views of the Overview and Scrutiny Committees are reported in Appendix 2.
- 4.26 Audit Committee reviewed the budget proposals from a risk perspective on 12 January 2015. The key risks identified are reported at Appendix 3.
- 4.27 Tenants were consulted in respect to a Rent Increase in 2015/16 at a number of events. Details are available within Appendix 1
- 4.28 **How the Proposals Deliver Priority Outcomes**
- 4.29 All of the discretionary investment proposals in the draft Budget reflect and/or are aligned to the corporate priorities as set out in the Corporate Plan.

#### 4.30 **Other Implications**

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

- 1 Consultation Responses – Public Consultation
- 2 Consultation Responses – Overview and Scrutiny committee
3. Consultation Responses – Audit committee
4. Proposed Budget Summary 2015/16 to 2019/20
5. Schedule of Savings Options
6. Schedule of Growth Options
7. General Fund Capital Programme and Forecast Financing 2015/16 to 2019/20
8. Schedule of Earmarked Reserves
9. The Key Medium Term Financial Issues 2015/16 to 2019/20
10. Draft Fees and Charges 2015/16

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

[Budget 2015/16 - Consultation Documents Consultation Impact Assessment](#)

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Glenn Hammons, Section 151 Officer, 01604 366521

**Northampton Borough Council**

# **Budget proposals 2015**

## **Consultation results**

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February 2015

# 1 Executive summary

In December 2014 the Council launched a consultation which looked at the budget proposals for 2015/16. Comments were invited over a 6 week period, ending on 31 January 2015.

For the fourth year running, the budget consultation focused on whether council tax should be frozen for a further year. People were invited to comment on the budget options for savings, investments and growth.

This report summarises the results of the consultation on the Council budget proposals.

## Key results

- Over **2** out of **3** respondents agree with proposals to freeze council tax
- Around **3** out of **5** respondents would be willing to pay more to help protect/improve services

## 2 Introduction

- 2.1 On 17 December 2014 Cabinet approved for consultation their draft budget proposals for 2015/16, indicative budgets for 2016/17 to 2019/20 for the General Fund Revenue Budgets, the Housing Revenue Account and the Capital Programme, as well as a proposed Council Tax freeze and Treasury Management Strategy.
- 2.2 Views covering all these areas were invited from 18 December 2014 until 31 January 2015. The aim of this consultation was to find out people's views on the draft budget proposals presented and to propose alternative suggestions.
- 2.3 Completed questionnaires were accepted up to 31 January 2015.
- 2.4 The consultation period will formally close on the date the budget is approved in February 2015.
- 2.5 This consultation followed the principles set out in the Council's Consultation Toolkit and industry standard guidance on best practice in consultation.
- 2.6 This report contains the results of the draft budget 2015/16 consultation. They will be used by the Council as part of the process for informing priorities for the Council's Corporate Plan and for setting a balanced budget (including a capital programme).

## 3 Methodology

- 3.1 Residents, businesses, and other stakeholders were invited to provide feedback on the proposals for the draft budget during the consultation period and support was made available to maximise involvement and understanding of the proposals.
- 3.2 People were able to engage in a range of ways:
  - **On-line survey** asking people if they agreed or disagreed with the proposal to freeze council tax; if they would be prepared to pay more council tax if it helped the Council protect or improve services, and inviting feedback on the proposals including thoughts on alternative proposals;

- **Social media**; (e.g. [twitter](#) (6835 followers), [Facebook](#))
  - **Paper questionnaires** available upon request;
  - **Website information** on consultation proposals and questionnaire available to download and complete on-line
  - **E-mail** address, **freepost** address and **consultation phone** line set up to receive feedback;
  - **Staff** via intranet, trade unions and as general public;
  - Invitation for **Residents Panel** to participate;
  - Invitation to **key stakeholders**, including the business community via the Chamber of Commerce, their network and the Federation of Small Businesses;
  - **Town Centre Businesses** via Town Centre News;
  - Invitation to tenant groups;
  - Engagement with the **voluntary and community sector** via their various networks ;
  - Information at the **OSS and Guildhall**, also at the Central Library;
  - **Open public meeting** held at the Guildhall on [21 January 2015](#);
  - Council's budget proposals debated at **the Council's Community Forums** (Youth Forum, Women's Forum, Diverse Community Forum, LGB People's Forum, Pensioners and Disabled People's Forums) during January 2015;
  - **Engagement** with our key stakeholder and partners ;
  - Meeting of the **Overview and Scrutiny** Committee 26 January 2015;
  - **Audit Committee** Meeting 12 January 2015
- 3.3 The consultation was advertised through the media including mail shots and press releases to raise awareness. Social media, including Facebook and Twitter, were used during the consultation period.
- 3.4 Interim consultation reports were available to maximise awareness and action in relation to issues and concerns arising during the consultation.

## 4 Consultation questions

Q1. We recognise the increased pressure being placed onto household budgets by everyday expenditure and bills. We are therefore proposing to freeze council tax for a further year to demonstrate our commitment to you. Do you agree or disagree with this approach? Answers (88)

Q2. Would you be prepared to pay more council tax if it helped the Council protect or improve services? For example, a 1% council tax rise would give the Council an extra £150k to spend on services. Answers (86)

Q3. **Feedback of draft budget proposals** - Comments, including concerns about how specific proposals may impact on individuals or any sector of the community and, if appropriate, how we can minimise any such impact. Comments (31)

Q4. **Alternative proposals**, including anything else we could do to achieve savings and/or any other comments in respect of budget options for 2015/16 and beyond? Comments (22)

Full details are available in **Appendix 1**

Consultation demographic information is available in **Appendix 2**



## 5 Findings

- 5.1 Around **2000** residents visited our dedicated budget information web pages for information
- 5.2 **90** completed online surveys were received as at 31 January 2015 (compared with **129** in 2014, **120** in 2013, **272** in 2012 and **149** in 2011). Responses contained **91** free form comments which include concerns about potential impacts on the community and alternative proposals for efficiencies. Full consultation results are available in **Appendix 1**.
- 5.3 It should be noted that additional activity relating to the budget was undertaken in addition to this exercise during the period of consultation including local press, public meetings, forums, etc. and that the views expressed during such events are not included in this document. (For **Audit Committee, Overview and Scrutiny Committee** and **Community Forums**, please view minutes of meetings held during the consultation period available at [modern.gov](http://modern.gov))
- 5.4 In addition to the above, separate **tenant consultation** regarding **Rent Increase 2015/16** was carried out. For details see **Appendix 3**

## 6 How feedback will be used

- 6.1 Where comments relate to service specific issues that relate to the usual business of the organisation, these will be forwarded to the relevant service area.
- 6.2 Where issues raised are not our responsibility, such as street lighting, the state of the roads or about social work, the comments received will be forwarded to the relevant organisation as appropriate.
- 6.3 In relation to the budget, the Cabinet will consider all responses alongside the need to set a balanced budget. Any changes arising from the consultation will be detailed in the Council Wide General Fund Revenue Budget Report.
- 6.4 Findings have also been used to inform priorities for the Council's Corporate Plan 2012-15 (update 2015).

## 7 Equalities

- 7.1 The Cabinet will consider the results of this consultation and of all relevant impact assessments which were developed to make an informed decision regarding the Council's budget.
- 7.2 Equality and Diversity were considered as part of the budget build process and an equality impact assessment or screening was completed, as appropriate.
- 7.3 Where issues have been identified and the option is approved, the detailed equality impact assessment will be used to inform the implementation of the budget option.
- 7.4 An Equality Impact Assessment for this budget consultation process is available at **Appendix 4**.

# Appendices

- 1 Full consultation results**
- 2 Demographics**
- 3 Rent Increase**
- 4 Consultation Equality Impact Assessment**

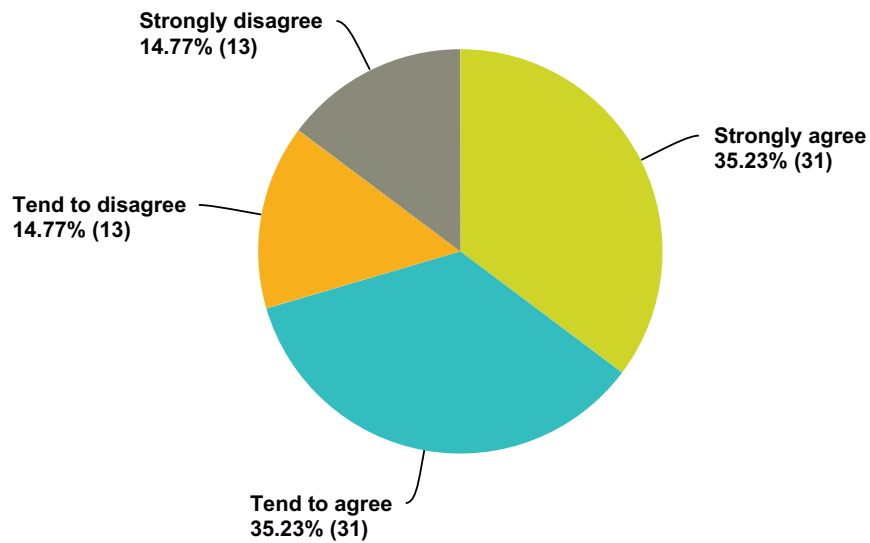
Appendix 1

## NBC Budget 2015/16 Consultation Full Results

February 2015

**Q1 We recognise the increased pressure being placed onto household budgets by everyday expenditure and bills. We are therefore proposing to freeze council tax for a further year to demonstrate our commitment to you. Click here for Council Tax Consultation Background Do you agree or disagree with this approach?**

Answered: 88 Skipped: 2

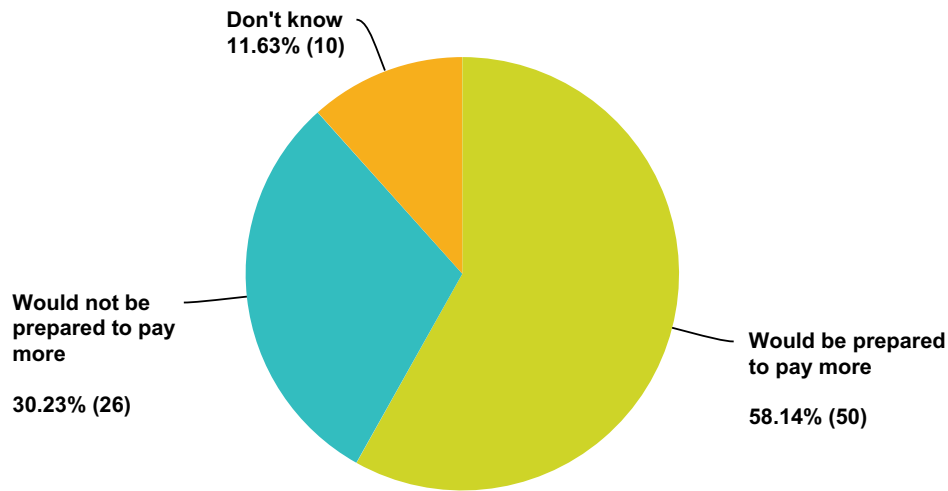


Answer Choices	Responses	
Strongly agree (1)	35.23%	31
Tend to agree (2)	35.23%	31
Tend to disagree (3)	14.77%	13
Strongly disagree (4)	14.77%	13
<b>Total</b>		<b>88</b>

Basic Statistics				
Minimum	Maximum	Median	Mean	Standard Deviation
1.00	4.00	2.00	2.09	1.04

**Q2 Would you be prepared to pay more council tax if it helped the Council protect or improve services? For example, a 1% council tax rise would give the Council an extra £150k to spend on services.**

Answered: 86 Skipped: 4



Answer Choices	Responses	
Would be prepared to pay more (1)	58.14%	50
Would not be prepared to pay more (2)	30.23%	26
Don't know (3)	11.63%	10
<b>Total</b>		<b>86</b>

Basic Statistics				
Minimum	Maximum	Median	Mean	Standard Deviation
1.00	3.00	1.00	1.53	0.69

#	Please use this space for comments that will help us understand your response	Date
1	I WOULD LIKE TO KNOW BEFOREHAND TYPES OF SERVICES COUNCIL PLANS TO SPEND 150K ON	1/31/2015 5:55 AM
2	The council should be looking for alternative ways of gaining funding rather than expecting the council tax payer to fund the majority of services. Renting office space out, supplying services etc to generate income should be the way to go.	1/30/2015 3:11 AM
3	It would depend on what it would be spent on. Clear consultation should take place first and the details given should not be open to misinterpretation	1/29/2015 8:56 PM
4	Local Authority is not a household - use the powers granted to provide services as required, or resign and allow others who can and will.	1/28/2015 4:57 AM
5	I believe that with the responsibility for transport planning, development, maintenance and policing being split between NBC, NCC, SNC, Northamptonshire Police and MGWSP in the areas that I live and work, transport services will not improve, whatever rates are paid to these bodies.	1/28/2015 3:26 AM

## Draft Northampton Borough Council Budget 2015/16 Consultation

		Appendix 1
6	The public need to understand that you don't get anything for nothing. If as a resident you continue to use the services that the council provides then money is required to pay for them. It may seem like a fabulous gesture to help the working people of the borough ....but in the long run it does nothing but put pressure on service delivery and a reduction in the services they need. Get a grip and be brave enough to increase the council tax so the people of Northampton can rely on a quality service delivered by quality employees	1/23/2015 8:27 AM
7	constantly freezing tax has a cumulative effect which is exponential. it is very short sighted and done for political gain, not what is best for northampton.	1/19/2015 12:18 PM
8	while I would pay more to improve services, I do object to it being used for frivolous schemes dreamt up by politicians. I further object to the fact there is a surplus on the collection, yet support for the most vulnerable in our town is being reduced....	1/19/2015 12:01 PM
9	I would like to know beforehand types of services council plans to spend 150K on.	1/18/2015 3:47 AM
10	Continual cutting of services will only assist a small section of the community.	1/17/2015 4:06 PM
11	If the money is spent on the services that will help the residents that need it more, then yes, I would happily pay more but if it's wasted on pedestrianisation then no, especially considering that the paving in the cultural quarter may not be as long lasting as the previous paving that had lasted a very long time. If it's spent on helping the needy, supporting food banks and small businesses and on not having empty shops which could otherwise be used by community groups then I would happily pay.	1/16/2015 5:22 AM
12	Cut agency staff and employ people who care about Northampton - increase rents to generate more income, freeze councillors allowances, stop councillors sitting on County and Borough.	1/8/2015 2:30 AM
13	Our town needs to encourage commerce and visitors so needs to look inviting. Usually cuts mean services so we should pay to keep our town clean and tidy.	12/31/2014 4:43 AM
14	Our town needs to be looked after to encourage commerce and visitors. Usually cuts mean services being culled. So we need to pay for this to keep our town looking it's best.	12/31/2014 4:34 AM
15	To protect funding for voluntary sector funding such as counselling, poverty reduction.	12/30/2014 9:03 AM
16	A small increase does not cost much. What is critical is to ensure that critical services are delivered.	12/30/2014 2:21 AM
17	150K does not seem to be much extra to make much difference to current budget. I would prefer to see more evidence that current budget is used effectively before being asked to contribute more.	12/27/2014 1:42 AM
18	150k does not seem much extra to the overall Council budget. I would prefer to see that the current budget was spent effectively before contributing more.	12/27/2014 1:39 AM
19	150K does not seem enough additional funding to make much difference to overall Council budget I would like more information on how the Council avoids wasting it's current budget before paying more in to the general	12/27/2014 1:36 AM
20	There is still savings to be realised within the budget until such time a freeze should be implemented	12/23/2014 2:25 PM
21	The cash cost for services is relatively small and is affordable. The services are essential for quality of life.	12/23/2014 10:25 AM
22	With the constant reduction in services, I do not see raising the council tax as value for money.	12/23/2014 6:16 AM
23	Considering all of the excellent events that the council has supplied to the residents of Northampton over the last year for free, I consider a small increase in council tax acceptable, providing the money raised was investing in it's staff and events	12/23/2014 5:10 AM
24	It all depends on what would be funded with the additional amount	12/21/2014 11:43 PM
25	I'm not paying council tax.	12/20/2014 11:48 AM
26	Think the council has major problems with housing and other priorities so should be working to resolve these problems	12/20/2014 3:05 AM

## Draft Northampton Borough Council Budget 2015/16 Consultation

Appendix 1

27	<p>If council tax stays the same, how about listing services which have been cut and now being picked up by local charities (or charities where funding has been cut due to lack of finances) and giving people the option to support these directly. It may also increase some volunteering. I don't buy the local paper so don't know whether this has been done but it would be interesting and helpful to see a comprehensive list of local charities and social enterprises which have received funding from tax payers, either via the Europe, County, Borough or Parish, how that funding has changed recently and how that has affected the work they do. I am aware faith communities in town are doing more, which is great but often they don't know what others are doing and so duplicate effort where they could potentially work together more. In the meantime, people outside those communities can be completely unaware of what is already being done. Recently I met a successful tradesman who wanted to help homeless people. He was completely unaware of the Hope Centre . . . We all need to do more to raise the profile of work being done and invite others in to partner with us.</p>	12/19/2014 11:42 PM
28	<p>Would pay a bit more if any of it improved the lot of the elderly. As it is, they are ignored!</p>	12/19/2014 8:12 AM
29	<p>depend on priority which council will set out</p>	12/19/2014 2:13 AM
30	<p>The services we receive now is so disgusting that maybe more money in the coffers would help to get our services back up to a reasonable and acceptable standard.</p>	12/18/2014 12:03 PM
31	<p>Cut in Council tax would be welcome, paying over £200 per month just to get my bins emptied (badly).</p>	12/18/2014 9:08 AM
32	<p>Suggest services like translators and printing everything in numerous languages are severely cut, these services are rarely provided in the rest of Europe .</p>	12/18/2014 7:59 AM
33	<p>The main item of spending appears to be to put more money into reserves. Services should come first and council tax should increase for this reason.</p>	12/18/2014 7:28 AM
34	<p>Yes, but I think consultation on how/where this money should be spent should also take place.</p>	12/18/2014 6:04 AM
35	<p>I'm not convinced the council are making sure they are getting value for money out of the employees or outsourced services especially at road works repairs &amp; maintenance, So often see too many people employed to do simple work and spend longer time than normal just standing talking or watching....not efficient supervision to focus on the job .</p>	12/18/2014 5:27 AM
36	<p>NBC has accrued 'cultural' money and we seek for our civic leaders to invest in initiatives created by the people of Northampton, not just initiatives created by the authorities. Northampton will be twice as big which will not make it a better place to live for us, the people who live in Northampton We need theatre, music, art, restaurants etc and it will be US, the people of Northampton, that improves the cultural profile of the town, not our authorities. We require funding to support NORTHAMPTON MUSIC 365. The profile of our town is poor and yet we have marketing departments at NBC, NCC, NEP. UoN which could combine to give an accurate reflection of ' an historic town in the heart of England surrounded by ancient park lands and stately homes, one hour from London ' thank you for this opportunity to comment. see next email.</p>	12/18/2014 1:23 AM
37	<p>As someone who has been unemployed for several years with a large mortgage I am struggling to pay my present bills let alone any increase.</p>	12/18/2014 1:21 AM
38	<p>Reportedly, both wages and employment has gone up in the past year. This suggests that households are likely to have greater disposable income. The council tax freeze in recent years has resulted in a steady deterioration in council services across all departments, including advice and access to services. This is largely due to poorly planned and poorly managed outsourcing. A very modest rise of 1% would enable at least some of these issues to be addressed, and where outsourcing has clearly failed to bring about better and more cost-effective delivery of services, for these to be brought back in house.</p>	12/18/2014 1:05 AM

**Q3 A challenging programme of internal cost-cutting measures is proposed to tackle the shortfall and prevent the budget gap growing even further in 2015/16. At the same time, to promote growth, there will be a focus on investment in the borough. A list of the draft budget proposals and background information can be found at on our website. These proposals, if/when agreed, will help the Council balance its budget for 2015/16. This is your opportunity to comment on the Council's draft budget options before they are submitted to the Cabinet for their consideration. Full Council will in turn consider the Cabinet's recommendation for approval on 23 February 2015. Your comments on our options**

**Key proposals:** Internal cost savings  
 Review of information and advice services  
 Reduction in JPU contribution  
 Living wage implementation  
 Extension to 'pay on exit' car parking scheme  
 Further Northampton Alive investment  
 Further Northampton Enterprise Zone investment

**Please tell us which option you wish to comment on and include any concerns you may have about how our specific proposals may impact on yourself or any sector of the community and if appropriate, tell us how we can minimise any such impact.**

Answered: 31 Skipped: 59

#	Responses	Date
1	INTERNAL COST SAVINGS I agree REVIEW OF INFORMATION AND ADVICE SERVICES Unsure. What is reduction in monetary value? and what information and services are NBC referring to REDUCTION IN JPU CONTRIBUTION I agree. But unsure work of JPU to date LIVING WAGE IMPLEMENTATION I agree EXTENSION TO PAY ON EXIT CAR PARKING SCHEME I agree. For me it encourages people to travel into town instead of travelling to Milton Keynes. FURTHER NORTHAMPTON ALIVE INVESTMENT Unsure. Some of the 45 projects are now complete. What are these projects and what is the return. FURTHER NORTHAMPTON ENTERPRISE ZONE INVESTMENT Unsure. what is technical advice. How does this investment benefit families that are struggling financially. Also bid to bring high-quality jobs to the town and boost prosperity, can council ensure local people secure high-quality local jobs	1/31/2015 6:13 AM
2	this is an appalling way to conduct a consultation! this feels more like a tick box exercise! if you want meaningful consultation, you should do so!	1/30/2015 3:15 AM



## Draft Northampton Borough Council Budget 2015/16 Consultation

		Appendix 1
3	Review of information and advice services very unclear from the reading material; need to know precisely what will be affected, what does council fund regarding advice services etc. People tend to say yes to things like this and only realise (for example) that an important advice service that appears not to be council funded has been affected	1/29/2015 8:59 PM
4	We would express concern about the proposed reduction in funding for internal advice services if this in respect of social welfare law advice such as debt and benefits advice unless there is an increase in the amount of funding available provided for external independent advice providers (currently Community Law Service and Central and East Northamptonshire CAB.) It is not clear from the proposals as to whether there will be additional investment in external advice provision. There is no evidence that the internal and external services are seeing the same clients. If the advice needs currently met by the internal services are to be continued to be met then the independent sector would need more resources to cope with the demand particularly in light of increased demand as a result of the Social Welfare Reform changes and the forthcoming introduction of Universal Credit. We would be supportive of the proposal to support independent advice in preference to non independent in-house services but are concerned that a 'desk-top' review has formed the basis of opinions with regard to advice services delivering services which involve 'wasteful duplication' without providing specific evidence in respect of this and explaining this concept further. It is important that the Council gains a better understanding of services being provided by the independent advice sector and the importance of the current grant funding which supports core costs and provides a stable basis for advice sector agencies to lever in additional funding from other sources to support residents in the Town. As such any commissioning of advice services needs to also support core costs in addition to any direct services delivery to avoid a negative impact on advice provision for the local communities.	1/29/2015 9:56 AM
5	Pay on Exit car parking This is a good idea, meaning I can leave town earlier or later without risk of over- or under-paying. To make it even more effective, please ensure that more pay machines take credit cards. St John's still doesn't. I sometimes visit town on business, and it's far easier and more efficient to use my corporate credit card to pay for parking than using my own money and keeping the receipt to claim it back. Other regional towns' car park pay machines take credit cards e.g. Nottingham, Leicester, Kettering and MK station, so you should offer it too. Cash is a faff, and keeping receipts to claim expenses back is very old-fashioned.	1/29/2015 6:43 AM
6	I think it all looks pretty logical	1/28/2015 12:43 PM
7	Internal cost savings??? If you have no staff you can't deliver...moral amongst NBC workers is at rock bottom and that means you don't get that commitment and extra value that money can't buy....I understand that its chaos now...so what will it be like if more "efficiency savings" are implemented? Congratulations on implementing the living wage. How about looking at ways of generating income instead of always slash and burn? I have lived here for 27 years and seen Northampton town centre die on its feet, the market was destroyed virtually overnight, its full of cheap tatty shops, cafes, and other takeaways, bars and clubs. Bad decisions have made it an awful place to be. Stupid bits of art and fountains....people need employment, a clean environment and services delivered in an efficient manner....	1/23/2015 8:40 AM
8	all the specifics are vague, and don't come close to accounting for the entire budget. not very transparent.....	1/19/2015 12:24 PM
9	if you are so strapped for cash, and times are so hard, how can you place 1.8million into earmarked reserve? reserved for what exactly? a golden parachute perhaps.... how can a sum of money this large not have been predicted last year? sack your accountant please....	1/19/2015 12:08 PM
10	Internal cost savings - I agree Review of information and advice services - council have not detailed savings in a monetary value Reduction in JPU contribution - don't understand Living wage implementation - I agree Extension to pay on exit car parking scheme - I agree. Cllr Danielle Stone said in your minutes what is the return. For me it encourages people to travel into town instead of travelling to Milton Keynes Further Northampton Alive investment - Not sure. Some of the 45 projects are now complete. What are these projects and what is the return Further Northampton Enterprise Zone investment - Unsure - what is technical advice. How does this investment benefit families that are struggling financially. Also bid to bring high-quality jobs to the town and boost prosperity, can council ensure local people secure high-quality local jobs	1/18/2015 3:52 AM
11	Further Northampton Enterprise Zone investment - while the idea of investing in the waterside zone is great, I think we need to invest in the town centre itself. It has an abundance of empty or cheap shops, more small businesses could be encouraged to set up shops which could be shared with other small businesses.. Once the town centre doesn't look so cheap then other investment can be done to surrounding areas and more investors and developers will want to come in. Extension to pay on exit - it's great that the multi storey car parks allow for free parking for up to 2 hours and free parking at the weekend, it's a shame that just after the 2 hour mark the fee is £2.40, which is quite a leap from £0.00 for up to 2hours then £2.40 for 2hrs 15 mins. Can there not be a lower price e.g. £1.20 or even £1.50. The extension is a good idea as it enables us to park nearer to the shops so we don't have to carry heavy items so far. Living wage implementation - support that	1/16/2015 5:33 A

## Draft Northampton Borough Council Budget 2015/16 Consultation

Appendix 1

12	Cannot argue with Living Wage for the lowest paid. Happy with car parking proposed changes Not sure I understand the implications of the review of advice services. Surely, if savings were possible these would have been made? If feels that the largest area relates to internal costs and again, there is not a lot of detail other than a savings target. How will you introduce the deductions? piece meal or by identifying synergies and making strategic changes to the ways you currently work	1/6/2015 7:29 AM
13	In general ,the areas that have poverty that is so visible needs to be an area that requires a long-term strategy , that is possible more important than Northampton Alive project as this and similar are not really helping those with real hardship, not on a living wage and trapped in a system / situation they require long-term support to get of and learn skills on how to have stability. with -out the correct building blocks the rest will be immaterial to many in the Borough of Northampton	1/5/2015 5:08 AM
14	You can not keep reducing manpower and still deliver a service to the vulnerable i.e. the elderly, those with disabilities. Also it is about time a good level of street litter collection is provided, no matter where you walk the footpaths, hedgerows and roads are covered in litter. Nothing appears to be done in reducing the litter, and when was the last time someone was prosecuted for dropping litter? Also the hedgerows are not maintained on a regular basis leading to footpaths with overgrown hedges restricting the available space to walk on. And although it is not your responsibility but please do something about blocked drains on roads all over the town which leads to flooding whenever it rains for a decent time.	1/2/2015 1:30 AM
15	NO .....Pay on exit car parking.....Save £100,000 immediately by leaving the payment system as it is. Continue the free parking after six and on Sundays plus extra free parking at Christmas and other Trade/Social events.	12/31/2014 4:57 AM
16	Review of info & advice services Many of the grant supported services are for specific groups & one size does not fit all. By reducing funding these groups may struggle to continue or waiting times for help may lengthen. Many poorer residents do not have access to information & advice as everything is online & they may not possess a computer or the skills to access it. Living wage = agree this should be implemented Pay on exit - good idea. Need more car parking now St Johns' has been built on & there are so many reserved spaces in the multi story St Johns'. Enterprise Zone investment should be less as private business should finance their development, not NBC	12/30/2014 9:13 AM
17	Would like more information on your internal savings. If these are possible, why have you not done that earlier?	12/30/2014 2:22 AM
18	I think increasing cost of definitive map applications a poor way of increasing the budget as it just slows down very necessary work. reducing the number of staff to support the work of the definitive map team and the rights of way teams is also a poor use of current funding at a time when both teams are already stretched. I would like to see the budgets for this work ring fenced and if anything increased in future.	12/27/2014 1:48 AM
19	The council needs to make the future prosperity of the town the highest priority. Without this we will wither and die. It must protect this expenditure and if possible increase it. NBC used to be a laughing stock but has recently really picked up its game. It is to the credit of the members and chief executive that this turnaround has happened. Any cuts shouldn't compromise the new competence.	12/23/2014 10:32 AM
20	I fail to see or understand how investing money in car parks to pay on exit will encourage anyone else to travel to Northampton when there is plenty of capacity within the existing pay on exit car parks every single day of the week. At Christmas weekends, the car parks are free anyway so it makes no difference, I think the money should be reallocated to projects that would benefit the town more.	12/23/2014 5:13 AM
21	Internal cost savings- dont you think it is about time you stopped salami slicing your budget? Please please carry out a review and configure your services in line with your statutory duties. You cannot afford to do otherwise. It does nor stop you, however, to have a town wide plan to map need and provision between all sectors.	12/21/2014 11:48 PM
22	Internal cost savings.	12/20/2014 12:34 PM
23	The living wage is good and should be extended to outsourced services and information and advice services should be improved so the council is seen to be doing something to alleviate the crushing burdens being inflicted on the poor people of Northampton by the government,	12/20/2014 3:12 AM
24	I really don't have sufficient background knowledge to comment intelligently on these proposals. As presented here they all seem sensible but I don't know how many of these will affect those who have to implement them, the level of redundancies, the specific costs, savings and returns of alternatives etc	12/19/2014 11:55 PM

## Draft Northampton Borough Council Budget 2015/16 Consultation

		Appendix 1
25	Do less subcontracting of vital services. No wonder that care homes, elderly services and assisted housing are such a mess. Subcontractors understandably are there to make a profit for themselves. Please sort out carparking....goodness knows how we are expected to get to the Royal and Derngate after all of the parking has been decimated. Surface car parks gone, with building of student flats, new hotel and loss of Angel Street parking. St Johns upper stories are for residents. You don't have to be disabled (just old) to not be able to easily manage multi-storey stairs in the dark or to not want to trek from distant parks.	12/19/2014 8:47 AM
26	I think the car park and jpu proposals are good ones	12/18/2014 8:02 AM
27	Internal cost savings - I have inside knowledge and know that there are many more managerial po	12/18/2014 6:04 AM
28	All valid but also effective and efficient use of public transport still needs review....and ongoing improvements	12/18/2014 5:32 AM
29	Living Wage: I think it important that this plan is rolled-forward to all the Council's contractors and sub-contractors (as a Contractual Requirement), in addition to it's own employees. The alternative is an even greater poverty-imposition on the locality as employees are transferred from the Council's employment to contractors. It would also help to create an 'even playing field' for your purchasing officers to evaluate contractual offers.	12/18/2014 4:10 AM
30	Internal Cost Saving - Whatever the cuts in the management budget it is obscene that the CE (or Town Clerk!) is still paid more than the Prime Minister AND at the last elections was given an extra £17000 to act as Returning Officer. Information and Advice - Cut out translation services. Pay on exit - I have always argued that people should only have to pay for what they use, I strongly support this measure which will also help local business by not forcing people to rush back to their cars because they might get a ticket. Living Wage - Definitely and "local jobs for local people"	12/18/2014 1:32 AM
31	please invest also in : NORTHAMPTON MUSIC 365	12/18/2014 1:24 AM

**Q4 Alternative proposals Is there anything else that you think we could do to achieve savings and/or any other comments you would like to make in respect of the budget options for 2015/16 and beyond?**

Answered: 22 Skipped: 68

#	Responses	Date
1	COUNCIL PLANS TO INVEST IN NORTHAMPTON ALIVE AND ENTERPRISE ZONE. ARE THESE THE NEEDS OF LOCAL PEOPLE WHO ARE STRUGGLING. PERSONALLY NOT CONVINCED. THE RETURN MAY HAPPEN BUT THAT NOT NOW AND PEOPLE ARE STRUGGLING NOW E.G. FOOD BANKS	1/31/2015 6:13 AM
2	Reduce the cllrs allowance Remove the cllrs empowerment fund Sale the registration number plate of the mayor's car Do away with a mayoralty car - this will save on providing a driver, the on costs of running a car and of course provide a small income. Stop refreshments etc prior to cllrs meetings!	1/30/2015 3:15 AM
3	Carry on with the redevelopment of the town. Having lived all over the country in my life I can see that Northampton is finally catching up with some of the better towns I know. Northampton folk are generally passive, easily satisfied and have low expectations, so they need to be led on this issue because they'll never demand it themselves. Don't lose heart. It's looking good, and I'm now proud to come into town on a Saturday instead of going to MK.	1/29/2015 6:43 AM
4	Reduce pension costs, reduce contributions from the council to the statutory minimum Introducing statutory minimum for sick pay and maternity leave rather than enhanced packages for employees Reduce holidays to statutory minimum	1/28/2015 12:43 PM
5	Merge with another local authority.... reduce the number of councillors freeze councillors allowances invest in the morale of the staff so they want to deliver 110% rather than struggle to be motivated. You get more for your money that way	1/23/2015 8:40 AM
6	to alleviate match day parking issues, the claret car park should be open for free every match day. this would force the clubs to do the same instead of a charge equivalent of a full days parking in the centre....	1/19/2015 12:24 PM
7	stop cutting staff wages. these people are your biggest asset and deliver the services.	1/19/2015 12:08 PM
8	Would be nice to see complete budget and not just key proposals Council plans to invest in Northampton Alive and Enterprise Zone. Are these the needs of local people who are struggling. Personally not convince. The return may happen but that's not now and people are struggling now e.g. Food Banks	1/18/2015 3:52 AM
9	repair wok to roads e.g town centre pedestrianisation shouldn't take place at weekends as am sure the workers are getting paid extra for Saturdays and Sunday (if applicable).	1/16/2015 5:33 AM
10	Increase revenue ie rents and council tax. Decrease expenditure on agency staff and consultants. Freeze councillor allowances	1/8/2015 2:32 AM
11	The ROI - if this plan was well though through and an acceptance the money will need to be spent to attract retailers to Northampton and create jobs and wealth to the wider economy then again the foundations need to be strong. There needs to attractiveness to shopping in Northampton, look at towns like Leamington Spa that have the Shopping Centre, Street Café Culture and reputable Retail shops. So far we have a non appealing tow centre, with nothing other than bars, uneven paths . Yet if you look beyond what is in your face daily! There is some beautiful architecture, Space for an Ice Ring, Dance Hall, and a Market Square that could Host events for families and raise the profile of Northampton. Have policing visible to you feel safe from theft, reduce the Drinking Culture and incentivise non Alcohol or Low Nights. Northampton has no appeal Hence MK and surrounding areas taking trade.	1/5/2015 5:08 AM
12	If you are looking to save money on staff, why have traffic wardens on duty after six and on Sundays? Trust Northampton residents and visitors to be sensible.	12/31/2014 4:57 AM

## Draft Northampton Borough Council Budget 2015/16 Consultation

Appendix 1

13	More obvious advertising of local events held across the County to bring people in to the towns and villages will help increase the footfall and so increase income Reducing the tourist information sites across the County seems to be a retrograde step at a time when it is important to promote local events to encourage local residents to attend.	12/27/2014 1:48 AM
14	Main concern is that small voluntary/ community groups are not adversely affected in the budget cuts	12/26/2014 1:55 AM
15	Cease providing entertainment. Let the industry take care of that. Focus on what you must do and do that well	12/21/2014 11:48 PM
16	Older people live in absolute dread of being infirm or needing access to services to help them cope with day to day living. We all know that everything can not be free but there should be assistance for the elderly (or their family members) to obtain help at an affordable price so as to let the older generation remain in their home. Am afraid that Northampton completely abandons its older people....except perhaps those who have been dependant on council support from an earlier age. Those who suddenly find they cannot do what they once did in their working life, are ignored.	12/19/2014 8:47 AM
17	The Govt have made all the cuts must too fast and we are not happy.	12/18/2014 12:05 PM
18	Internal cost savings not gone far enough. Senior managers are earning £85, 000 average. Way too much! Cut final salary pension schemes - this is not sustainable in the longer term. Get rid of Enterprise/Amey. They are crap and making a huge profit!	12/18/2014 9:11 AM
19	Please carry out a review of the essential services you need to deliver. Not essential, don't do it	12/18/2014 5:39 AM
20	review employee efficiency as ongoing project including management and supervision. Private sector mentality is needed,if you don't do it right and cost effectively you lose the business rather than my job is always safe no matter how I perform attitude.	12/18/2014 5:32 AM
21	Reduce the number of Traffic Wardens - who nowadays appear to need to patrol in pairs , presumably for their own safety and transfer roadside transgression-management to PCSO's and other police with authorisation for 'on the spot' fines. Some Wardens still needed for car-parks etc where specific duties need close observation.	12/18/2014 4:10 AM
22	In the Parished areas, you could try outsourcing the management of parks, recreation grounds, selected open spaces, allotments etc to the Parish Councils. Not all Parishes would take this offer up, or might only want to do so in part. However, if the Borough divested itself of those assets that are not nett income earners, savings could be made. In order to achieve this, the Parish Councils must be granted freehold interest in the land, subject to conditions protecting the status of the land as public open space, village green, statutory allotment etc. Also, any existing outsourced arrangements for maintenance etc MUST be terminate upon transfer, thus enabling the Parish to either do the maintenance themselves, or outsource to a service provider of their choice. In the event that a Parish Council fails, or is wound up, then all its assets & liabilities revert to the principal authority, so there is no nett loss of capital asset. Prestige parks like the Racecourse, Delapre, Abington etc would be exempt from this proposal.	12/18/2014 1:17 AM

## Appendix 2

### Demographics

<b>Gender</b>			
<b>Options</b>	<b>Response %</b>	<b>Response Count</b>	
Male	47.17%	25	
Female	<b>52.83%</b>	<b>28</b>	
<b>Age</b>			
<b>Options</b>	<b>Response %</b>	<b>Response Count</b>	
Under 16	0%	0	
16-24	1.89%	1	
25-34	18.87%	10	
35-44	16.98%	9	
45-54	18.87%	10	
55-64	<b>24.53%</b>	<b>13</b>	
65-74	18.87%	10	
75 or above	0%	0	
<b>Ethnicity</b>			
<b>Main categories</b>	<b>Response %</b>	<b>Response Count</b>	
White	73.08%	38	
Asian/Asian British	1.92%	1	
Mixed	3.85%	2	
Black/Black British	9.62%	5	
Prefer not to say	11.54%	6	
<b>About Respondents</b>			
<b>Options</b>	<b>Yes</b>	<b>No</b>	<b>Response Count</b>
I live in Northampton	92.16% (47)	7.84% (4)	51
I work in Northampton	65.91% (29)	34.09% (15)	44
I study in Northampton	9.38% (3)	90.63% (29)	32
I have a business in Northampton	19.35% (6)	80.65% (25)	31
I am employed by Northampton Borough Council	3.33% (1)	96.67% (29)	30
I am responding on behalf of an organisation/group	9.38% (3)	90.63% (29)	32

Organisations include: Community Law Service (Northampton and County); Graphside Ltd. and Richardsons

## Appendix 3

### Rent Increase 2015/16 - Tenant Consultation

Consultation with tenants about the proposed rent increase for 2015/16 has been undertaken through presentations to both the Rent and Welfare Reform Service Improvement Panel (SIP) and the Tenant Panel.

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

The Tenant Panel was set up in 2012 when the Council started the housing options review. Consisting sixty tenant volunteers, the Panel has been at the heart of the development of Northampton Partnership Homes. It will continue to work in partnership with the Council and NPH to further develop the housing service. Both panels are open to all tenants.

Each presentation covered the following:

- Why rents are reviewed each year
- How rents are set
- Government guidance on rent setting
- The end of rent restructuring and the changes to government guidance for 2015/16
- The proposed rent increase for 2015/16

The presentation to the Rents SIP was undertaken on the 14 November 2014. Nine of the twelve panel members were in attendance. The Panel raised no concerns about the proposed increase. Some panel members commented that they felt the increase to be fair and reasonable.

The presentation to the Tenant Panel was undertaken on the 2 December 2014. Thirty panel members were present. Again the Panel raised no concerns about the proposed increase. Those questions and concerns that were raised focused on matters surrounding Welfare Reform, levels of support available for tenants experiencing financial difficulty and the application of benefit sanctions by the DWP.

## **Appendix 4 -Equality and Community Impact Assessment**

### **Draft Budget 2015/16 Consultation**

#### **What are we looking to achieve in this activity?**

The Council is mindful of its Public Sector Equality Duty and wants to ensure that it has due regard to its equality duties in its decision making process.

#### **How will the decision be made?**

Cabinet will consider the results of the consultation and of all relevant impact assessments to help it make an informed decision regarding the Council's budget and priorities. The Council will set its Budget for the 2015/2016 financial year in February 2015.

#### **What information exists already to assist with making the judgments above? Has any consultation been undertaken on this or any other related issue? Are any reports or relevant documents available internally or from partners or other sources?**

Impact assessments are carried out for individual options as they are developed where appropriate. They will be reviewed as the consultation evolves using the feedback received.

#### **Who is/ will be the main beneficiaries/people affected by this activity?**

Everybody living, working, studying or otherwise engaged with the town or its people may be potentially affected by our budget plans. This includes businesses, employees of the Council as well as, partners and contractors. Some efficiency savings will impact on staff and could lead to redundancies and changes in service provision; the level of service received by the public will be protected wherever possible. Where this is appropriate, consultation will be undertaken in accordance with council policy and all those affected will be able to have a say in this process.

#### **Does the activity have the potential to cause adverse impact or to discriminate against different groups in the community or to make a positive contribution to equalities?**

The testing challenges caused by the general economic environment continue to have a significant impact on our communities as a whole and also on our budget, creating added pressure and increase demand for our services.

With limited resources, service provision will need to be reviewed and this may affect the services we provide, the people who deliver them, and those who receive them. It is critical when making decisions that may affect people that their views are sought and considered so that we can understand what matters to them, what they consider priority and what areas are in need of improvement, and how the choices made may impact on their lives.

#### **Impact**

Proposals that will lead to efficiency savings and/or potential changes in service provision have been screened for impact against the protected characteristics' groups. Where proposals involve staff changes and rationalisation, appropriate consultation in line with council policy will be followed and outcomes monitored for any disproportionate and adverse impacts on individual groups. Any savings with impact on services will have the issues and risks raised through their individual assessments and evaluations taken into account in the implementation and monitoring of the options.

Issues and concerns identified during this consultation will be used to develop mitigation where possible and will be used to inform priorities for the Council.



## Appendix 2

### Extract from Overview and Scrutiny Minutes 26 January 2015

#### **5. OVERVIEW AND SCRUTINY REPORTING AND MONITORING WORKING GROUP :COUNCIL-WIDE DRAFT BUDGET 2015 - 2020**

Councillor Brian Sargeant advised the Committee that the Reporting and Monitoring Working Group had looked at the Council wide draft budget 2015-2020 in detail at its recent meeting. It had identified four budget proposals for the Committee to scrutinise in detail:

##### **General Fund Saving Options**

- Contributions to reserves in forecasting potential risks, medium term savings in respect of the Environmental Services Contract and links to the proposals contained within the budget of Northamptonshire County Council (NCC) regarding a proposed saving of £7 million on waste and how this could potentially impact on NBC in the region of £1.7 million. It was confirmed that NCC was taking a proactive and positive approach in looking at these potential savings, such as increasing recycling and reducing residual waste.
- Implementation of service reviews, restructures and employee costs review to ensure that they are deliverable

David Kennedy, Chief Executive, confirmed that 8% more capacity was added by staff working 37 hours per week to 40. Posts were being held vacant for temporary staff and they had made the decision to make services more effective with less staff. No concerns with the implementation overall and consultations were ongoing.

- Creation of the Northampton Partnership Homes (NPH) budget - to ensure that they have been allocated in the right way
- Business Rates Retention Scheme – to ensure the right level of forecasting etc. and how the business rates have changed over the years

The Overview and Scrutiny Committee asked questions, made comment and heard more information about business rates and businesses within Northampton Borough:

There is growth in the number of businesses within the Borough, but the overall value of businesses has reduced, This is largely due to the fact that each business was able to lodge an appeal with the Valuation Office against the current value of their business and, if successful, this would lead to a decrease. This has occurred for a number of businesses and therefore the overall value in the Borough had reduced. This trend is also seen nationally.

That a lot of small businesses had been created through the success of Enterprise Zone to date. Over 682 jobs have been created and over 10,000 sq. ft. of business space created.

This is having a positive impact on the local economy.

Depending on the value of the business, they could apply for a whole raft of reliefs which may be available to a particular business. An example of this would be the Small Business Rate Relief, some of which the Council would be compensated for by Central Government. There are a lot of businesses within Northampton who are in receipt of reliefs which support the future sustainability of their business.

The growth in businesses across Northampton is not specific to any particular type of business or sector.

Councillor Alan Bottwood confirmed that Government funding was decreasing but the costs were increasing. A key funding stream is business rates, the more businesses we are able to attract to the area the more business rates the public sector will receive.

This would be beneficial and was a key reason why the Council make the investments they do into the local economy. This would increase the Council's income to support future service provision.

The comments made by the Overview and Scrutiny Committee regarding the above budget proposals would be appended to a report to Cabinet on 18 February 2015.

**AGREED: That the comments made by the Overview and Scrutiny Committee regarding the Budget proposals are appended to a report to Cabinet on 18 February 2015.**

**Extract from Audit Committee Minutes 12 January 2015**

**8. RISK REVIEW OF 2015/16 BUDGET OPTIONS**

Glenn Hammons, Chief Finance Officer, presented the report and confirmed that Cabinet had issued a draft budget in mid-December and the key component parts were included in the report for Audit Committee. The Appendix one and two was the general fund with the savings option and growth options. The HRA medium term planning options were in Appendix four and Appendix six was the draft allocation of budget following the creation of Northampton Partnership Homes (NPH).

Overall he considered the budget levels of risk for 2015/2016 healthy as they made a contribution to reserves. This contribution to reserves would be a key part of managing the risks expected in the future.

One of the risks was that the Government austerity measures continue to apply pressure on service expenditure and also the waste contract was due for renewal in 2018. Further risks on the budget for 2015/16 include work ongoing for the Northamptonshire County Council draft budget proposal for collaboration and joint working on waste which may impact on the Borough Council and the delivery of service review and implementation of the 2014 employee cost review savings.

In response to a question from Councillor Flavell, Phil Morrison, Assistant Head of Finance, confirmed that the special services referred to in the report related to sheltered accommodation, call care and leaseholders.

**RESOLVED: That the report and risk be noted and accepted. No concerns through Management System.**

Description	Appendix	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
		£	£	£	£	£
<b>Service Base Budget</b>		<b>32,340,099</b>	<b>33,501,522</b>	<b>34,423,107</b>	<b>35,394,944</b>	<b>36,540,539</b>
<b>Medium Term Planning Options</b>						
<b>Savings and Efficiencies</b>	<b>2</b>					
- Borough Secretary		(113,170)	(103,170)	(103,170)	(103,170)	(103,170)
- Customers and Communities		(1,521,180)	(1,581,180)	(1,581,180)	(1,581,180)	(1,581,180)
- Regeneration Enterprise and Planning		(523,723)	(533,251)	(447,263)	(452,756)	(458,411)
- Housing		(360,960)	(360,960)	(360,960)	(360,960)	(360,960)
<b>Total Savings</b>		<b>(2,519,033)</b>	<b>(2,578,561)</b>	<b>(2,492,573)</b>	<b>(2,498,066)</b>	<b>(2,503,721)</b>
<b>Growth</b>	<b>3</b>					
- Customers and Communities		22,000	22,000	22,000	22,000	22,000
- Regeneration Enterprise and Planning		430,000	430,000	430,000	430,000	300,000
- Corporate		14,800	14,800	14,800	14,800	14,800
<b>Total Growth</b>		<b>466,800</b>	<b>466,800</b>	<b>466,800</b>	<b>466,800</b>	<b>336,800</b>
<b>Total MTP Options</b>		<b>(2,052,233)</b>	<b>(2,111,761)</b>	<b>(2,025,773)</b>	<b>(2,031,266)</b>	<b>(2,166,921)</b>
<b>Gross Revenue Budget</b>		<b>30,287,866</b>	<b>31,389,761</b>	<b>32,397,334</b>	<b>33,363,678</b>	<b>34,373,618</b>
<b>Corporate Budgets</b>						
Debt Financing		1,780,000	1,818,000	1,979,000	2,017,000	2,153,000
Recharges from General Fund to HRA		(6,217,621)	(6,217,621)	(6,217,621)	(6,217,621)	(6,217,621)
Parish Grants		(20,611)	(20,611)	(20,611)	(20,611)	(20,611)
Parish Precepts		1,021,798	1,021,798	1,021,798	1,021,798	1,021,798
Contribution to General Fund Balances		0	0	0	0	0
Contribution to/(from) Earmarked Reserves		2,297,756	2,083,546	2,395,745	3,090,289	3,621,413
<b>Total Corporate Budgets</b>		<b>(1,138,678)</b>	<b>(1,314,888)</b>	<b>(841,689)</b>	<b>(109,145)</b>	<b>557,979</b>
<b>Net Budget</b>		<b>29,149,188</b>	<b>30,074,873</b>	<b>31,555,645</b>	<b>33,254,533</b>	<b>34,931,597</b>
<b>Funding</b>						
Revenue Support Grant		(4,963,860)	(3,531,179)	(2,412,794)	(1,390,937)	(455,651)
NNDR		(6,200,581)	(7,577,297)	(7,724,843)	(7,875,340)	(8,028,847)
<b>Total Formula Grant</b>		<b>(11,164,441)</b>	<b>(11,108,476)</b>	<b>(10,137,637)</b>	<b>(9,266,277)</b>	<b>(8,484,497)</b>
<b>Council Tax</b>						
Band D Council Tax		207.91	207.91	207.91	207.91	207.91
Tax Base		61,927	62,546	63,172	63,803	64,441
NBC Council Tax		(12,875,243)	(13,003,995)	(13,134,035)	(13,265,375)	(13,398,029)
Parish-related Council Tax		(1,021,798)	(1,021,798)	(1,021,798)	(1,021,798)	(1,021,798)
<b>Total Council Tax</b>		<b>(13,897,041)</b>	<b>(14,025,793)</b>	<b>(14,155,833)</b>	<b>(14,287,173)</b>	<b>(14,419,827)</b>
Council Tax Freeze Grant 14/15			0	0	0	0
Council Tax Freeze Grant 15/16		(151,872)	0	0	0	0
New Homes Bonus		(3,835,835)	(4,744,664)	(4,596,900)	(4,835,163)	(4,943,899)
Surplus on Collection Fund		(100,000)	0	0	0	0
<b>Total Funding</b>		<b>(29,149,189)</b>	<b>(29,878,933)</b>	<b>(28,890,370)</b>	<b>(28,388,613)</b>	<b>(27,848,223)</b>
<b>Savings to be identified</b>		<b>(0)</b>	<b>195,940</b>	<b>2,665,276</b>	<b>4,865,920</b>	<b>7,083,373</b>



## General Fund MTP Savings Options

MTP Reference	MTP Option Description	2015/2016 £	2016/2017 £	2017/2018 £	2018/2019 £	2019/2020 £
<b>Borough Secretary</b>						
B119	Implementation of 2014 Employee Cost Review	(103,170)	(103,170)	(103,170)	(103,170)	(103,170)
B136	Utilities - Small Sites	(10,000)	0	0	0	0
	<b>TOTAL Borough Secretary</b>	<b>(113,170)</b>	<b>(103,170)</b>	<b>(103,170)</b>	<b>(103,170)</b>	<b>(103,170)</b>
<b>Customers &amp; Communities</b>						
B104	Primary Authority Income (Food Safety)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
B106	Review of information and advice service	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
B143	Implementation of 2014 Employee Cost Review	(606,180)	(606,180)	(606,180)	(606,180)	(606,180)
B146	Service Reviews	(705,000)	(765,000)	(765,000)	(765,000)	(765,000)
	<b>TOTAL Customers and Communities</b>	<b>(1,521,180)</b>	<b>(1,581,180)</b>	<b>(1,581,180)</b>	<b>(1,581,180)</b>	<b>(1,581,180)</b>
<b>Regeneration, Enterprise &amp; Planning</b>						
B145	Implementation of 2014 Employee Cost Review	(248,290)	(248,290)	(248,290)	(248,290)	(248,290)
B127	NBC reduction in JPU Contribution	(91,084)	(91,084)	0	0	0
B145	Service Reviews	(184,349)	(193,877)	(198,973)	(204,466)	(210,121)
	<b>TOTAL Regeneration Enterprise and Planning</b>	<b>(523,723)</b>	<b>(533,251)</b>	<b>(447,263)</b>	<b>(452,756)</b>	<b>(458,411)</b>
<b>Housing</b>						
B143	Service Review	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
B143	Implementation of 2014 Employee Cost Review	(210,960)	(210,960)	(210,960)	(210,960)	(210,960)
	<b>TOTAL Housing</b>	<b>(360,960)</b>	<b>(360,960)</b>	<b>(360,960)</b>	<b>(360,960)</b>	<b>(360,960)</b>
	<b>SAVINGS AND EFFICIENCIES TOTAL</b>	<b>(2,519,033)</b>	<b>(2,578,561)</b>	<b>(2,492,573)</b>	<b>(2,498,066)</b>	<b>(2,503,721)</b>



## General Fund MTP Growth Options

MTP Reference	MTP Option Description	2015/2016 £	2016/2017 £	2017/2018 £	2018/2019 £	2019/2020 £
<b>Customers &amp; Communities</b>						
B115	Victoria Street Coach Park Toilet	22,000	22,000	22,000	22,000	22,000
		<b>22,000</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>
<b>Regeneration, Enterprise &amp; Planning</b>						
B126	EZ Budget Increase	130,000	130,000	130,000	130,000	0
B132	Northampton Alive	50,000	50,000	50,000	50,000	50,000
B142	Business Incentive Scheme	250,000	250,000	250,000	250,000	250,000
131		<b>430,000</b>	<b>430,000</b>	<b>430,000</b>	<b>430,000</b>	<b>300,000</b>
<b>Cross Organisation</b>						
B144	Living Wage	14,800	14,800	14,800	14,800	14,800
		<b>14,800</b>	<b>14,800</b>	<b>14,800</b>	<b>14,800</b>	<b>14,800</b>
<b>Total Growth</b>		<b>466,800</b>	<b>466,800</b>	<b>466,800</b>	<b>466,800</b>	<b>336,800</b>

**Proposed General Fund Capital Programme 2015-16 to 2019-20**

Project Title	2014-15 Latest £	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £	Total £
<b>Housing - General Fund</b>							
Disabled Facilities Grant	1,400,000	1,875,000	1,475,000	1,475,000	1,475,000	1,475,000	9,175,000
Empty Homes Programme	740,090						740,090
<b>Self-funding</b>							
IT Infrastructure	173,927	150,000	150,000	150,000	150,000	150,000	923,927
Skate Park Café Extension	35,000	55,000					90,000
<b>Town Centre Improvements</b>							
Greyfriars Demolition	4,250,605	1,050,000					5,300,605
Bus Interchange Works	286,000						286,000
Abington Street - Opening up to Traffic	2,889,023						2,889,023
Superfast Broadband	250,000	250,000					500,000
Visitor Signage in Town Centre	80,000						80,000
St Peters Waterside	100,000	1,000,000					1,100,000
Town Centre Wifi	62,646						62,646
Car Parks - Pay on Exit		200,000	50,000	50,000			300,000
St Johns MSCP Storage Facility	30,000	100,000					130,000
<b>Heritage &amp; Culture</b>							
Delapre Abbey Restoration, incl minor projects	1,492,502	3,877,450	595,031				5,964,983
Delapre Abbey Tea Rooms	50,000	150,000					200,000
Heritage Gateway	100,000	250,000					350,000
Strategic Property Purchase from NCC (subject to Business Case)	2,175,000						2,175,000
<b>Block Programmes - specific schemes to be agreed</b>							
Town Centre Realm improvements	1,135,000	750,000	500,000	500,000	500,000	500,000	3,885,000
Capital Improvements - Regeneration Areas	250,000	250,000	100,000	100,000	100,000	100,000	900,000
Parks/Allotments/Cemeteries Enhancements	508,105	201,332	250,000	250,000	250,000	250,000	1,709,437
Operational Buildings - Enhancements	633,119	400,000	400,000	400,000	400,000	400,000	2,633,119
Commercial Landlord Responsibilities	409,141	270,000	50,000	50,000	50,000	50,000	879,141
<b>Enterprise Zone Schemes - Funded from Growing Places Fund and Local Infrastructure Fund</b>							
St Peters Way Improvements	1,600,000	1,400,000					3,000,000
Site 11 Remediation, Construction and St James Mill Way Electricity Substation	5,563,039						5,563,039
<b>Loans</b>							
NTFC	7,500,000	1,500,000					9,000,000
Cosworth	1,400,000						1,400,000
University of Northampton		46,000,000					46,000,000
Northampton Leisure Trust		300,000					300,000
<b>Other</b>							
Athletics Track	800,000	900,000					1,700,000
Purchase of Albion House	500,000						500,000
Planning IT Improvements	41,000	24,500	17,000	17,000			99,500
Other IT Investment	223,543						223,543
Section 106 Funded Schemes	5,057,163	33,512					5,090,675
<b>Total General Fund Capital Programme</b>	<b>39,734,903</b>	<b>60,986,794</b>	<b>3,587,031</b>	<b>2,992,000</b>	<b>2,925,000</b>	<b>2,925,000</b>	<b>113,150,728</b>

Proposed General Fund Capital Funding	2014-15 £	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £	Total £
<b>Grants &amp; Contributions:</b>							
Disabled Facilities Grant - External Funding	497,412	594,000	594,000	594,000	594,000	594,000	3,467,412
Heritage Lottery Funding - Delapre Abbey	584,907	2,210,147	339,168				3,134,222
HPDG	106,000	24,500	17,000	17,000			164,500
CLG - St Peters Waterside	100,000	1,000,000					1,100,000
CLG - Cosworth Loan	1,400,000						1,400,000
Section 106	5,057,163	33,512					5,090,675
Other Grants and Contributions	2,209,651	1,070,000	70,000				3,349,651
Sub-total Grants & Contributions	9,955,133	4,932,159	1,020,168	611,000	594,000	594,000	17,706,460
NBC Earmarked Reserves - Delapre Abbey	146,312	630,808					777,120
New Homes Bonus	3,000,000						3,000,000
Other Revenue/Reserves	929,671						929,671
Capital Receipts - Heritage	900,000						900,000
Capital Receipts - Other	1,737,227	4,720,919	280,413	50,000			6,788,559
Growing Places Fund and Local Infrastructure Fund (to be repaid from EZ business rate uplift)	6,441,795	1,400,000	0	0	0	0	7,841,795
Self-funded Borrowing (incl Loans)	7,732,575	48,005,000	150,000	150,000	150,000	150,000	56,337,575
Corporate Borrowing Taken Out/(Repaid)	8,892,190	1,297,908	2,136,450	2,181,000	2,181,000	2,181,000	18,869,548
<b>Total Funding</b>	<b>39,734,903</b>	<b>60,986,794</b>	<b>3,587,031</b>	<b>2,992,000</b>	<b>2,925,000</b>	<b>2,925,000</b>	<b>113,150,728</b>



### Earmarked Reserves Movements

Earmarked Reserves	Forecast Balance 31/03/2015 £	Proposed Budget Movements £	Forecast Balance 01/04/2015 £	Description
<b><u>Reserves which must be used for their specific purpose</u></b>				
Supporting Business/Economic Growth	(1,104,528)	1,075,000	(29,528)	Support Economic Regeneration Initiatives
Service Improvements/Performance and Change	(882,859)	462,765	(420,094)	Support Improvement Agenda
General Reserves	(7,411,482)	1,419,521	(5,991,961)	Reserves relating to a Corporate or Service specific risk or purpose
General Grants	(3,271,785)	(647,109)	(3,918,894)	Revenue Grants and Conditional / Contractual Funds
S106 Contributions Unapplied	(2,334,127)	0	(2,334,127)	Site Specific S106 Contributions received not yet spent
Insurance Reserve	(2,360,575)	250,000	(2,110,575)	Actuarial valuation of future insurance costs
Delapre Abbey	(895,061)	0	(895,061)	Delapre Abbey Restoration Project Contingency
Financial Pressure Reserves	(926,239)	(1,683,338)	(2,609,577)	Reserves relating to a specific risk or purpose
Strategic Investment Reserve (I2S)	(602,333)	(3,174,595)	(3,776,928)	Supporting Strategic Investment and Invest to Save Initiatives
	<u>(19,788,988)</u>	<u>(2,297,756)</u>	<u>(22,086,744)</u>	

NB: The revenue reserve balance to 31/03/2015 is an estimate and will be revised during the production of the Statement of Accounts 2014/15



## Key Medium Term Financial Issues 2015/16 – 2019/20 Onwards

Ref	Issue	National Issues/Implications	Effect on Northampton Borough Council
1	Economic Climate	Ongoing Global Economic instability since October 2008 is expected to last several more years, with continuing austerity measures as a result. Also, continuing impact of recession, and downturn in housing and financial markets. In addition, material fluctuations in inflation since 2009/10.	Significant uncertainty in relation to key income streams, such as investment income, planning income, and building control income, as well as future prices, in cost areas where markets and inflation rates are unstable.
2	Welfare Reform	Linked to Local Government Finance Review – impacts on benefit claimants.	<p>Wide range of risks including impact of council tax benefit reforms and impacts on housing benefits for customers - particularly in the current economic climate. The localisation of Council Tax Benefit may have a significant financial impact on the authority.</p> <p>The implementation of welfare reform may have a detrimental impact on the Council as a landlord. If there are impacts on the Council relating to the non-payment of rent (either through the direct payment of rent rebates or through other changes which reduce the levels of revenue available to customers) this will have an impact on the HRA budgets and an on-going impact on the HRA business plan.</p>
3	Formula Funding and Planning of budgets to match Council's projected funding	2015/16 settlement and 2016/17 draft settlement are challenging for district authorities, with ongoing financial implications for both services and council tax levels. The Government has made clear that savings will need to continue at a similar level until at least the end of the decade.	Challenging settlements materially reducing funding. Through medium term planning processes NBC must examine its net expenditure to meet the limitations of its funding.
4	Medium Term Planning	National push for better financial planning.	Continued development, especially integration of policies, performance, and cost.

Ref	Issue	National Issues/Implications	Effect on Northampton Borough Council
5	General and Local Elections	The General Election and Local Elections in 2015 could result in further shifts in funding and policy that will need to be managed.	Planning and preparation alongside horizon scanning for proposals and areas of concern/interest.
6	Growth	Localism Bill has delayed the Joint Core Strategy progress but housing growth will still be promoted to meet local needs. New timetable agreed. Regeneration impacted by economic climate but with the Enterprise Zone and town centre schemes Northampton's future optimistic. National funding required.	Infrastructure costs exceed resources, but local investment is maintaining momentum. Need to link in with regional and national efforts and secure new ways of funding with partners.
7	Asset Management Improvements and Asset Disposals	Ties in with ensuring best Value for Money is delivered	Improvements to planning and management of the Council's assets (property and non-property) and planned capital receipts
8	Risks and Reserves	Recognising the financial risks of the potential local government financial and service position, while managing the fact that the Government has indicated a desire to reduce levels of reserves held in the public sector.	See Appendix 8
9	Major Projects	Constrained local government finance requiring major projects to review delivery method. The Enterprise Zone will raise profile and provide opportunity for greater investment.	Considering full implications of new funding sources before uptake. Strong financial governance. Ensuring that spend to save funds together with prudential borrowing are available to enable such projects to be progressed. Failure to invest will damage future growth prospects.
10	Spending Review	The next spending review is due to take place following the general election in May 2015. Given the current state of public finances, it is expected that the next three year settlement will also be tight.	Need to participate at a county, regional, and national level to make our case.

Ref	Issue	National Issues/Implications	Effect on Northampton Borough Council
11	Localisation of Funding – Business Rates Retention	The Retained Business Rates Scheme implemented for local government funding from 2013/14 has seen a significant transfer of business rates collection and retention risk transfer from the previous central government pool to local authorities	Additional funding risks (e.g. from appeals, development, displacement, etc.) falling on local authorities as an inherent part of the changes around retention of business rates in particular will need to be monitored. This risk is partly mitigated through recognition in the risk assessment of reserves.
12	The Level and Pace of Change within the Council	Northampton Borough Council continues to experience an unprecedented level and speed of change, which brings with it a variety of inherent risks including financial risks, legal risks, and risks to robust governance, amongst others.	Giving consideration to all risks and governance requirements for day to day service delivery as well as project work. Planning this into processes and project plans and monitoring the current status. Need to keep sight of the importance of good governance and take full account of risks while moving forward with change.

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
<b>Waste Services</b>				
Bulky Waste Collection	Up to three items	Non - S	28.00	29.00
Skip Collection Service (to be confirmed)	Non - recyclable waste - per tonne	Non - S	101.00	104.00
	Administration fee	Non - S	57.00	59.00
	Mileage charge - per mile	Non - S	2.00	2.00
	Waste above one tonne - prices available from Waste Minimisation Team			
<b>Cemetery</b>				
Grant of Right	Adult Grave for 1 - 5'6"	Non - S	419.00	432.00
	Adult Grave for 2 - 6'6"	Non - S	484.00	499.00
	Adult Grave for 3 - 7'6"	Non - S	550.00	567.00
	Child	Non - S	83.00	86.00
	Cremated Remains	Non - S	158.00	163.00
Internment Fee Mon - Friday	Grave depth 7'6"	Non - S	525.00	541.00
	Grave depth 6'6"	Non - S	459.00	473.00
	Grave depth 5'6"	Non - S	419.00	432.00
	Child up to 12 Years	Non - S	66.00	68.00
	Still Born-1 Month Old	Non - S	No Charge	No Charge
	Cremated Remains	Non - S	158.00	163.00
	Scattering of Ashes	Non - S	22.00	23.00
	Mausoleum	Non - S	3,827.00	3,946.00
Vault	Grant of Right and First Interment	Non - S	839.00	865.00
	Second Interment	Non - S	395.00	407.00
Memorial Erection Rights	Headstone - Adult	Non - S	113.00	117.00
	Headstone - Child	Non - S	30.00	31.00
	Vase - Plain	Non - S	No Charge	No Charge
	Vase - Inscribed	Non - S	53.00	55.00
Kerb Sets	Kerb only	Non - S	171.00	176.00
	Kerb and Headstone	Non - S	283.00	292.00
	Memorial Tablet	Non - S	53.00	55.00
	Additional Inscription	Non - S	40.00	41.00
	Grave Number Marker	Non - S	16.00	16.00
	Permanent Grave Number Marker	Non - S	24.00	25.00
	Use of Chapel	Non - S	66.00	68.05
	Use of Chapel - Winter fuel charge	Non - S	8.00	8.25
	Search Fee (Inc VAT) -Small Search	Non - S	No Charge	No Charge
	Search Fee (Inc VAT) - Medium search	Non - S	25.00	25.78
Search Fee (Inc VAT) - Full search	Non - S	67.00	69.08	
Non Resident Fees - families that have resided outside the Borough for more than 5 years are charged at 100% on all the above				
<b>Allotments</b>				
Standard Plot	10 Poles	Non - S	33.00	34.00
Half size	5 Poles	Non - S	16.00	17.00
Gate Key Fee - either £6 or £4 dependent on type of lock used				
<b>Parks</b>				
Some bookings may require a differing VAT treatment than that assumed below. The actual total fee charged may vary as a result.				
Football	Senior Pitch	Non - S	26.25	27.00
	Junior Pitch	Non - S	7.50	8.00

**Fees & Charges**

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
Rugby	Senior Pitch	Non - S	26.25	27.00
	Junior Pitch	Non - S	13.75	14.00
Hockey	Senior Pitch	Non - S	26.25	27.00
	Junior Pitch	Non - S	13.75	14.00
Use of Changing rooms	Changing facilities for any activity-with showers	Mon - Sat	12.00	13.00
		Sunday	16.00	17.00
	Changing Facilitiesfor any activity without showers	Mon - Sat	9.00	10.00
		Sunday	14.00	15.00
Cricket	Day Match	Non - S	36.67	14.00
	Evening Match	Non - S	23.75	24.00
	Junior School Match	Non - S	12.92	13.00
	Junior Practice Wicket	Non - S	12.92	13.00
Bowls	Rink per person , per hour	Non - S	2.08	2.00
	OAP's & Unemployed	Non - S	2.08	2.00
	Matches - 3 rinks per hour	Non - S	17.08	17.00
	Matches - 4 rinks per hour	Non - S	22.08	22.00
	Matches - 5 rinks per hour	Non - S	27.92	28.00
	Hire of Bowls per game	Non - S	1.25	2.00
Tennis	Grass - Per court per hour	Non - S	3.75	4.00
	Hard Court - Per court per hour	Non - S	4.17	5.00
	Per court, per hour with floodlights	Non - S	8.75	9.00
	Children per hour	Non - S	1.67	2.00
	Junior School parties per hour	Non - S	2.92	3.00
Mini 5 a Side Football	Returnable Deposit for hire of the goal	Non - S	11.00	11.00
	Hire of pitch	Non - S	4.58	5.00
<b>Call Care</b>				
Non - HRA	Lifelines - Inside Borough Yearly Charge	Non - S	259.91	259.91
	Lifelines - Inside Borough Charge per week	Non - S	4.99	4.99
	Lifelines - Outside Borough Yearly Charge	Non - S	281.82	281.82
	Lifelines - Outside Borough Charge per week	Non - S	5.42	5.42
	Installation Charges - Inside Borough	Non - S	56.72	56.72
	Installation Charges - Outside Borough	Non - S	69.47	69.47
	Monitoring Charges Yearly Charge	Non - S	85.15	85.15
	Monitoring Charges Charge per week	Non - S	1.63	1.63
	Environmental Health Yearly Charge	Non - S	60.12	60.12
Environmental Health Charge per week	Non - S	1.15	1.15	
<b>Licensing Fees</b>				
Gambling Act 2005				
New Application	New Small Casino	S	8,000.00	8,000.00
	New Large Casino	S	10,000.00	10,000.00
	Regional Casino	S	15,000.00	15,000.00
	Bingo Club	S	3,500.00	3,500.00
	Betting Premises	S	3,000.00	3,000.00
	Tracks	S	2,500.00	2,500.00
	Family Entertainment Centre	S	2,000.00	2,000.00
	Adult Gaming Centre	S	2,000.00	2,000.00
	Apply to Vary	Existing Casino	S	2,000.00
New Small Casino		S	4,000.00	4,000.00
New Large Casino		S	5,000.00	5,000.00
Regional Casino		S	7,500.00	7,500.00
Bingo Club		S	1,750.00	1,750.00

**Fees & Charges**

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
	Betting Premises	S	1,500.00	1,500.00
	Tracks	S	1,250.00	1,250.00
	Family Entertainment Centre	S	1,000.00	1,000.00
	Adult Gaming Centre	S	1,000.00	1,000.00
Apply to Transfer	Existing Casino	S	1,350.00	1,350.00
	New Small Casino	S	1,800.00	1,800.00
	New Large Casino	S	2,150.00	2,150.00
	Regional Casino	S	6,500.00	6,500.00
	Bingo Club	S	1,200.00	1,200.00
	Betting Premises	S	1,200.00	1,200.00
	Tracks	S	950.00	950.00
	Family Entertainment Centre	S	950.00	950.00
	Adult Gaming Centre	S	1,200.00	1,200.00
Apply for Re-instatement	Existing Casino	S	1,350.00	1,350.00
	New Small Casino	S	1,800.00	1,800.00
	New Large Casino	S	2,150.00	2,150.00
	Regional Casino	S	6,500.00	6,500.00
	Bingo Club	S	1,200.00	1,200.00
	Betting Premises	S	1,200.00	1,200.00
	Tracks	S	950.00	950.00
	Family Entertainment Centre	S	950.00	950.00
	Adult Gaming Centre	S	1,200.00	1,200.00
Apply for Provisional Statement	Copy Licence	S	25.00	25.00
	New Small Casino	S	8,000.00	8,000.00
	New Large Casino	S	10,000.00	10,000.00
	Regional Casino	S	15,000.00	15,000.00
	Bingo Club	S	3,500.00	3,500.00
	Betting Premises	S	3,000.00	3,000.00
	Tracks	S	2,500.00	2,500.00
	Family Entertainment Centre	S	2,000.00	2,000.00
	Adult Gaming Centre	S	2,000.00	2,000.00
Full Licence Application - Provisional Statement	New Small Casino	S	3,000.00	3,000.00
	New Large Casino	S	5,000.00	5,000.00
	Regional Casino	S	8,000.00	8,000.00
	Bingo Club	S	12,000.00	12,000.00
	Betting Premises	S	12,000.00	12,000.00
	Tracks	S	950.00	950.00
	Family Entertainment Centre	S	950.00	950.00
	Adult Gaming Centre	S	1,200.00	1,200.00
Annual Fee	Existing Casino	S	3,000.00	3,000.00
	New Small Casino	S	5,000.00	5,000.00
	New Large Casino	S	10,000.00	10,000.00
	Regional Casino	S	15,000.00	15,000.00
	Bingo Club	S	1,000.00	1,000.00
	Betting Premises	S	600.00	600.00
	Tracks	S	1,000.00	1,000.00
	Family Entertainment Centre	S	750.00	750.00
	Adult Gaming Centre	S	1,000.00	1,000.00
Notification of Change	Existing Casino	S	50.00	50.00
	New Small Casino	S	50.00	50.00
	New Large Casino	S	50.00	50.00
	Regional Casino	S	50.00	50.00
	Bingo Club	S	50.00	50.00
	Betting Premises	S	50.00	50.00
	Tracks	S	50.00	50.00
	Family Entertainment Centre	S	50.00	50.00
	Adult Gaming Centre	S	25.00	25.00
	Notifications Section 34	S	50.00	50.00
	Machines New	S	100.00	100.00
	Club Permits Pt 2 & 3 New	S	100.00	100.00
	Premises Grant & Variation	Band A Rateable Property	S	100.00
Band B Rateable Property		S	190.00	190.00

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
Annual Fees	Band C Rateable Property	S	315.00	315.00
	Band D Rateable Property	S	450.00	450.00
	Band E Rateable Property	S	635.00	635.00
	Band A Rateable Property	S	70.00	70.00
	Band B Rateable Property	S	180.00	180.00
	Band C Rateable Property	S	295.00	295.00
	Band D Rateable Property	S	320.00	320.00
	Band E Rateable Property	S	350.00	350.00
	Personal (Grant or Renewal)	S	37.00	37.00
	Temporary Event Notice	S	21.00	21.00
	Theft, loss etc. of Premises Licence or Summary	S	10.50	10.50
	Provisional Statement	S	315.00	315.00
	Personal Notification of Change of Address	S	10.50	10.50
	Variation of Specified Person as Premises Supervisor	S	23.00	23.00
	Transfer of Premises Licence	S	23.00	23.00
	Interim Authority Notice	S	23.00	23.00
	Theft, loss etc. of Club Certificate	S	10.50	10.50
	Notification of Change of Name or Rules of a Club	S	10.50	10.50
	Change of Registered Address of a Club	S	10.50	10.50
	Theft, Loss of Temporary Event Notice	S	10.50	10.50
	Theft, Loss of Personal Licence	S	10.50	10.50
	Premises - Duty to Notify a Change of Address	S	10.50	10.50
	Right of Freeholder to be Notified	S	21.00	21.00
Minor Variation	S	89.00	89.00	
<b>Hackney Carriage &amp; Private Hire Fees</b>				
Drivers Licence Fees	New Grant/ Renewal	Non - S	50.00	50.00
	Renewal of licence with CRB	Non - S	101.00	101.00
	Failure to attend CRB Appointment	Non - S	15.00	15.00
	Combined New Grant / Renewal	Non - S	63.00	63.00
	Hackney Carriage written Test	Non - S	55.00	55.00
	Replacement HC or PH Badge	Non - S	20.00	20.00
	Replacement HC or PH Licence	Non - S	25.00	25.00
Vehicle Fees	Temporary Private Hire/ Hackney Badge	Non - S	15.00	15.00
	New Private Hire/Hackney Application (inc bracket)	Non - S	99.00	99.00
	Vehicle Licence every 6 months	Non - S	93.00	93.00
	Transfer of vehicle	Non - S	12.00	12.00
	Replacement Vehicle Plate	Non - S	16.00	16.00
	Replacement Vehicle Licence	Non - S	22.00	22.00
	Replacement Platform Plate	Non - S	15.00	15.00
	Replacement Condition Booklet	Non - S	6.00	6.00
	Replacement Fixing Bracket	Non - S	15.00	15.00
Operator renewal	Annual Private Hire Operators Licence	Non - S	330.00	330.00
	Operator Renewal Number of vehicles			
	1	Non - S	220.00	220.00
	2-5	Non - S	330.00	330.00
	6-20	Non - S	440.00	440.00
	20-30	Non - S	550.00	550.00
	30-40	Non - S	660.00	660.00
	40-50	Non - S	770.00	770.00
	50-60	Non - S	880.00	880.00
	60-70	Non - S	990.00	990.00
	70-80	Non - S	1,100.00	1,100.00
	80-90	Non - S	1,200.00	1,200.00
	90-100	Non - S	1,300.00	1,300.00
	100 - 110	Non - S	1,400.00	1,400.00
	110-120	Non - S	1,500.00	1,500.00
	120-130	Non - S	1,600.00	1,600.00
	130-140	Non - S	1,700.00	1,700.00
	140-150	Non - S	1,800.00	1,800.00
	150-160	Non - S	1,900.00	1,900.00
	160-170	Non - S	2,000.00	2,000.00
	170-180	Non - S	2,100.00	2,100.00
	180-190	Non - S	2,200.00	2,200.00
	190-200	Non - S	2,300.00	2,300.00
200-225	Non - S	2,500.00	2,500.00	
225-250	Non - S	2,750.00	2,750.00	
Notification of change of named Operator	Non - S	220.00	220.00	
Driver Induction Course	Non - S	370.00	370.00	
Recovery of monies when Cheque not Honoured	Non - S	35.00	35.00	

Miscellaneous Licences

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
Car Boot	Pitches 1 - 20 Registration Fee	Non - S	11.00	12.00
	Pitches 21 - 50 Registration Fee	Non - S	11.00	12.00
	Fee per Event	Non - S	15.00	16.00
	Pitches 51 - 75 Registration Fee	Non - S	25.00	26.00
	Fee per Event	Non - S	20.00	21.00
	Pitches 76 - 100 Registration Fee	Non - S	30.00	31.00
	Fee per Event	Non - S	25.00	26.00
Sex Establishments	Per Year	Non - S	3,000.00	3,100.00
Street Trading Consents	Fee per Day per Year (i.e. Monday - Friday 5 Days x £100.00 = £500.00 per year)			
	Standard Area Fee	Non - S	225.00	228.00
	Premium Area Fee (NOTE Monday - Friday 5 Days @ £200 x 5 days = £1,000.00 per year, 7 days = £1,400.00 per year)	Non - S	400.00	
	Premium Town Centre Location (Charge per day)	Non - S	35.00	
<b>Environmental Health</b>				
Licences				
Animal boarding establishment	Issue of annual licence traditional border	S	150.00	155.00
Animal boarding establishment	Issue of annual licence domestic border	S	124.00	128.00
Dog breeding	Licence Renewal	S	124.00	128.00
Dog breeding	Issue of new licence	S	124.00	128.00
Dangerous wild animal	Licence to keep certain animals	S	273.00	275.00
Pet Shops	Annual Licence	S	124.00	128.00
Riding establishment	Annual licence	S	98.00	100.00
Zoo Licence	Annual licence	S	530.00	530.00
Motor salvage operator				
Scrap Metal Dealers Licence (Site Licence)	3 year licence	S	325.00	325.00
Scrap Metal Dealers Licence (Collectors Licence)	3 year licence	S	240.00	240.00
Scrap Metal Dealers Licence (Variation to Licence)	As required	S	65.00	65.00
Scrap Metal Dealers Licence (Duplicate Licence issued)	As required	S	15.00	15.00
Motor salvage operator	3 year registration	S	0.00	0.00
Tattooing, Ear piercing, Acupuncture, Electrolysis	Registration - one off fee	S	129.00	132.00
Tattoo and body art covention	Administration fee (New for 2012/13)(Per exhibitor)	S	31.00	33.00
Fixed Penalties and Fines				
Smoke Free Areas	No notice displayed - Fixed Penalty Notice reduced to £150 if paid in 14 days	S	206.00	206.00
	Maximum fine on conviction £1000			
	Smoke Free Areas - reduced to £30 if paid within 15 days	S	52.00	52.00
Certificates & Statements				
Health Export Certificate	Within 3 working days of request	Non - S	67.00	70.00
Environmental Searches	Urgent rate	Non - S	103.00	110.00
Consultancy	Contaminated land etc	Non - S	73.00	75.00
Statement and Legal Advice (Private Cases)	Hourly rate	Non - S	73.00	75.00
	Up to 5 pages	Non - S	165.00	170.00
	Additional pages	Non - S	26.00	27.00
Public Health / Environmental Protection Charges				
Funerals	LA funerals - claim to banks / treasury	S	515.00	520.00
Drainage works filthy	Works in default	S	42.00	45.00
Private Drinking Water Supplies	Risk Assessment	S	515.00	520.00
	Second Visit / Investigation / Authorisation	S	103.00	105.00
	Analysing a sample - taken under reg 10	S	26.00	28.00
	Analysing a sample - taken during check monitoring	S	103.00	105.00
	Analysing a sample - taken during audit monitoring	S	515.00	520.00
Filthy & verminous premises	Works in default	S	42.00	45.00
Silencing of alarms	Burglar, car etc	S	42.00	45.00
Domestic noise	Seizure and storage of noise equipment	S	206.00	210.00
LA Environmental Regulations of Industrial Plant	LAPC / LAPP / LA-IPPC application for permit / renewal	S	set by DEFRA	set by DEFRA



## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
Animal Welfare Service Stray Dogs	Stray dog release fee	Non - S	50.00	50.00
Fixed Penalties - to be approved at Cabinet				
Dogs	Dog fouling (FPN) (discounted amount £50)	S	80.00	80.00
Dogs	Dog control (FPN) new for CN & E Act (discounted amount £50)	S	80.00	80.00
Litter	Depositing Litter (discounted amount £50)	S	80.00	80.00
Litter	Failure to comply with street litter clearing notice (discounted amount £80)	S	110.00	110.00
Litter	Failure to comply with waste receptacle notice (discounted amount £50)	S	80.00	80.00
Litter	Unauthorised distribution of litter on designated land (discounted amount £50)	S	80.00	80.00
Litter and Waste	Failure to produce waste transfer note (waster's carriers licence)	S	300.00	300.00
Graffiti / Fly Posting	Graffiti and Fly Posting (discounted amount £50)	S	80.00	80.00
Noise	Failure to nominate key holder (discounted amount £50)	S	80.00	80.00
Noise	Noise from premises - dwelling (discounted amount £80)	S	110.00	110.00
Noise	Noise from premises - licensed premises	S	500.00	500.00
Parking (cars for sale)	Nuisance premises	S	100.00	100.00
Photocopying and Printing	First A4 sheet	Non - S	2.60	3.00
	Additional sheets	Non - S	0.30	0.50
	A3	Non - S	3.10	3.50
	Additional sheets	Non - S	0.30	0.50
	Copying Statutory Notices	Non - S	20.60	21.00
General	Copy of taped interview	Non - S	12.10	15.00
<b>Election Fees</b>				
	Copy of Electoral Register			
	Electronic Version - Full Register (restricted sales)	S	£20 admin fee plus £1.50 per thousand entries (or part)	£20 admin fee plus £1.50 per thousand entries (or part)
	Electronic Version - Edited	S	£20 admin fee plus £1.50 per thousand entries (or part)	£20 admin fee plus £1.50 per thousand entries (or part)
	Paper copy- Full Register (restricted sales)	S	£10 admin fee plus £5 per thousand entries (or part)	£10 admin fee plus £5 per thousand entries (or part)
	Paper version - Edited	S	£10 admin fee plus £5 per thousand entries (or part)	£10 admin fee plus £5 per thousand entries (or part)
	Confirmation of registration - Individual	Non - S	15.00	15.00
<b>Borough Secretary</b>				
	Certifying Foreign Pensions	Non - S	10.00	10.00
<b>Planning</b>				
All Outline Applications	Sites up to and including 2.5 Hectares	S	385.00 per 0.1 hectare	385.00 per 0.1 hectare
	Site exceeds 2.5 Hectares £8,285 plus £100 per 0.1 Hectares in excess of 2.5 Hectares to a maximum £125,000	S	9,527; and an additional £115 for each 0.1 hectare in excess of 2.5 hectares, subject to a maximum in total of £125,000.	9,527; and an additional £115 for each 0.1 hectare in excess of 2.5 hectares, subject to a maximum in total of £125,000.

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £	
Householder Applications	Alterations/extensions to a single dwelling, including works within boundary (including flats)	S	172.00	172.00	
Full Applications (and first submissions of reserved matters)	Alterations/extensions to two or more dwellings, including works within boundaries	S	339.00	339.00	
	New Dwellings (up to and including 50)	S	385.00 per dwelling	385.00 per dwelling	
	New Dwellings (for more than 50) £19,049 plus £115 per additional dwelling to a maximum of £250,000	S	19,049 + 115 per additional dwelling over 50, subject to a maximum of 250,000.	19,049 + 115 per additional dwelling over 50, subject to a maximum of 250,000.	
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, no increase in gross floor space or no more than 40m <sup>2</sup>	S	195.00	195.00	
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 40m <sup>2</sup> but no more than 75m <sup>2</sup>	S	385.00	385.00	
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 75m <sup>2</sup> but no more than 3750m <sup>2</sup>	S	385.00 for each 75m <sup>2</sup> or part of	385.00 for each 75m <sup>2</sup> or part of	
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 3750m <sup>2</sup> - £19,049 plus £115 for each additional 75m <sup>2</sup> to a max of £250,000	S	19,049 plus 115 for each additional 75m <sup>2</sup> to a max of 250,000.	19,049 plus 115 for each additional 75m <sup>2</sup> to a max of 250,000.	
	The erection of buildings on land used for agriculture purposes with a site area of no more than 465m <sup>2</sup>	S	80.00	80.00	
	The erection of buildings on land used for agriculture purposes with a site area of more than 465m <sup>2</sup> but not more than 540m <sup>2</sup>	S	385.00	385.00	
	The erection of buildings on land used for agriculture purposes with a site area of more than 540m <sup>2</sup> but no more than 4,215m <sup>2</sup> - £385 for first 540m <sup>2</sup> plus £385 for each 75m <sup>2</sup> or part thereof	S	385.00 for first 540m <sup>2</sup> plus 385.00 for each 75m <sup>2</sup> or part thereof	385.00 for first 540m <sup>2</sup> plus 385.00 for each 75m <sup>2</sup> or part thereof	
	The erection of buildings on land used for agriculture purposes with a site area of more than 4,215m <sup>2</sup> - £19,049 plus £115 for each additional 75m <sup>2</sup> to a max of £250,000	S	19,049.00 plus 115.00 for each additional 75m <sup>2</sup> to a max of 250,000.	19,049.00 plus 115.00 for each additional 75m <sup>2</sup> to a max of 250,000.	
	Erection of glasshouses on land used for the purposes of agriculture with a floor space no more than 465m <sup>2</sup>	S	80.00	80.00	
	Erection of glasshouses on land used for the purposes of agriculture with a floor space more than 465m <sup>2</sup>	S	2,150.00	2,150.00	
	Applications other than Building Works	Erection/Alterations/Replacement of plant and machinery on a site no more than 5 hectares	S	385.00 per 0.1 hectare	385.00 per 0.1 hectare
		Erection/Alterations/Replacement of plant and machinery on a site that exceeds 5 Hectares -£19,049 plus £115 per 0.1 Hectares in excess of 5 Hectares to a maximum £250,000	S	19,049.00 plus 115.00 per 0.1 Hectares in excess of 5 Hectares to a maximum 250,000.	19,049.00 plus 115.00 per 0.1 Hectares in excess of 5 Hectares to a maximum 250,000.
Car Parks, Service Roads or Other Accesses for existing uses		S	195.00	195.00	

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
	Waste, Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals on a site no more than 15 hectares	S	195.00 for each 0.1 hectare or part thereof	195.00 for each 0.1 hectare or part thereof
	Waste, Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals on a site more than 15 hectares - £29,112 plus £115 per 0.1 hectare in excess of 15 hectares up to a maximum of £65,000	S	29,112.00 plus 115.00 per 0.1 hectare in excess of 15 hectares up to a maximum of 65,000.	29,112.00 plus 115.00 per 0.1 hectare in excess of 15 hectares up to a maximum of 65,000.
	Operations connected with exploratory drilling for oil or natural gas on a site no more than 7.5 hectares	S	385.00 per 0.1 hectare	385.00 per 0.1 hectare
	Operations connected with exploratory drilling for oil or natural gas on a site that exceeds 7.5 Hectares £28,750 plus £115 for each 0.1 Hectare in excess of 7.5 Hectares to a max £250,000	S	28,750.00 plus 115.00 for each 0.1 hectare in excess of 7.5 hectares to a max 250,000.	28,750.00 plus 115.00 for each 0.1 hectare in excess of 7.5 hectares to a max 250,000.
	Other operations - Winning and working of a site that does not exceed 15 Hectares	S	195.00 per 0.1 hectare	195.00 per 0.1 hectare
	Other operations - Winning and working of a site that exceeds 15 Hectares - £29,112 plus £115 for each additional 0.1 Hectare in excess of 15 Hectares up to £65,000	S	29,112.00 plus 115.00 for each additional 0.1 Hectare in excess of 15 Hectares up to 65,000.	29,112.00 plus 115.00 for each additional 0.1 Hectare in excess of 15 Hectares up to 65,000.
	Other operations not coming within any of the above categories	S	195.00 per 0.1 hectare up to a maximum of 1,690.00.	195.00 per 0.1 hectare up to a maximum of 1,690.00.
Reserved Matters	Application for approval of reserved matters following outline approval - Full Fee due, or if already paid then £385 due	S	If full fee already paid 385.00	If full fee already paid 385.00
Approval/ Variation/ Discharge of condition	Application for removal or variation of a condition following grant of planning permission	S	195.00	195.00
	Request for confirmation that one or more planning conditions have been complied with - £28 per request for householder	S	28.00 per request	28.00 per request
	Request for confirmation that one or more planning conditions have been complied with - others £97 per request	S	97.00 per request	97.00 per request
Change of use of a building	Change of use of a building to use as one or more separate dwelling houses, or other cases, no more than 50 dwellings	S	385.00 for each	385.00 for each
	Change of use of a building to use as one or more separate dwelling houses, or other cases, where change of use exceeds 50 dwelling houses - £19,049 plus £115 for each additional dwelling house up to a maximum of £250,000	S	19,049.00 plus 115.00 for each additional dwelling house up to a maximum of 250,000.	19,049.00 plus 115.00 for each additional dwelling house up to a maximum of 250,000.
	Other changes of use, other material change of use of a building or land	S	385.00	385.00
Advertisement	Advertisement relating to business on the premises	S	110.00	110.00

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
Lawful development certificates	Advance signs which are not situated on or visible from the site, directing the public to a business	S	110.00	110.00
	All other advertisements	S	385.00	385.00
	LDC - Existing use - in breach of a planning condition	S	Same as full	Same as full
	Existing use LDC - lawful not to comply with a particular condition	S	195.00	195.00
	LDC - Proposed Use	S	Half normal planning fee	Half normal planning fee
Prior Approval	Change of use from Class B1(a) (Offices) to Class C3 (Dwelling Houses)	S	80.00	80.00
	Change of use from Classes B1 (Business), C1 (Hotels), C2 (Residential Institutions), C2a (Secure Residential Institutions) and D2 (Assembly & Leisure) to use as a State Funded School.	S	80.00	80.00
	Change of use from an Agricultural Building to a flexible use falling within either Class A1 (Shops), Class A2 (Financial & Professional Services), Class A3 (Restaurants and Cafes), Class B1 (Business), Class B8 (Storage or Distribution), Class C1 Hotels or Class D2 (Assembly and Leisure).	S	80.00	80.00
	Agricultural / forestry buildings & operations or demolition of buildings	S	80.00	80.00
	Installation of a radio mast ,radio equipment, housing or public callbox	S	385.00	385.00
	Non-Material Amendment	S	28.00	28.00
	Non-Material amendment following a grant of planning permission in any other case.	S	195.00	195.00
Copy of decision notice	Non - S	15.00	15.00	
Copy Tree Preservation order	Non - S	17.00	17.00	
Copy of Appeal Decision Notice	Non - S	17.00	17.00	
Copy of Enforcement Notices	Non - S	17.00	17.00	
Copy of Section 106	Non - S	27.00	27.00	
Photocopying				
A4	per sheet	Non - S	0.60	0.60
A3	per sheet	Non - S	1.10	1.10
A2	per sheet	Non - S	3.50	3.50
A1	per sheet	Non - S	5.00	5.00
A0	per sheet	Non - S	10.00	10.00
Ordnance Survey Extracts	Set of 6 A4 extracts of 1:500 scale	Non - S	20.00	20.00
	Set of 6 A4 extracts of 1:1250 scale	Non - S	25.00	25.00
	Set of 6 A4 extracts of 1:2500 scale	Non - S	30.00	30.00
Planning Policy Documents	Consultants' Reports	Non - S	POA	POA
	Local Plans various stages of development and all supporting documents	S & Non-S	POA	POA
Pre-Application Advice	Largescale Major Developments	Non - S	POA	POA
	Other Major Development dwellings	Non - S	10% of fee	10% of fee
	Other Major Development Offices/Research and Development/Light industry	Non - S	10% of fee	10% of fee
	Other Major Development Heavy Industry/Storage/Warehousing	Non - S	10% of fee	10% of fee

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT	2015/16 Value inc VAT
			£	£
		Non - S	10% of fee	10% of fee
	Other Major Development Retail, Distribution and Servicing			
	All other major development	Non - S	10% of fee	10% of fee
	Minor development 1 dwelling	Non - S	10% of fee	10% of fee
	Minor development 2-9 dwellings	Non - S	10% of fee	10% of fee
	Minor development Offices/Research and Development/Light industry	Non - S	185.00	185.00
	Minor development Heavy Industry/ Storage/ Warehousing	Non - S	185.00	185.00
	Minor development Retail and Distribution	Non - S	185.00	185.00
	All other minor development	Non - S	10% of fee	10% of fee
	Change of Use	Non - S	10% of fee	10% of fee
		Non - S	10% of fee	10% of fee
	Householder Developments		(£17.20)	(£17.20)
	Advertisements	Non - S	20.00	20.00
	Listed Building Consent to alter/extend	Non - S	no fee	no fee
	Listed Building Consent to demolish	Non - S	no fee	no fee
	Conservation Area Consents	Non - S	no fee	no fee
	Meetings and/or Site Visits (per 30 Minutes) in addition to the pre-application charge applicable above	Non - S	88.00	88.00
Request for current use of property	All properties	Non - S	POA	POA
Other Ancillary Charges	Householder Enquiries	Non - S	POA	POA
	Permitted Development Enquiries (other)	Non - S	POA	POA
	History and Investigation	Non - S	POA	POA
	Other (not included in the above)	Non - S	POA	POA
<b>Building Control</b>				
New Dwellings up to 300m <sup>2</sup> :				
Number of Dwellings				
1 to 2 dwellings as set out				
	1 Plan Charge	S	147.20	147.20
	1 Inspection Fee	S	441.63	441.63
	1 Building Notice Charge	S	647.70	647.70
	1 Regularisation Charge	S	686.97	686.97
	2 Plan Charge	S	182.26	182.26
	2 Inspection Fee	S	546.77	546.77
	2 Building Notice Charge	S	801.92	801.92
	2 Regularisation Charge	S	850.53	850.53
For Three or more dwellings, or if the floor area of the dwellings exceeds 300m <sup>2</sup> , the charge is individually determined				
Detached garage of car port up to 40m <sup>2</sup>				
	Plan Charge	S	240.34	240.34
	Inspection Fee	S	Included in Plan Charge	Included in Plan Charge
	Building Notice Charge	S	265.20	265.20
	Regularisation Charge	S	260.36	260.36
Attached single storey extension of garage or car port up to 40m <sup>2</sup>				
	Plan Charge	S	120.00	120.00
	Inspection Fee	S	140.36	140.36
	Building Notice Charge	S	260.36	260.36
	Regularisation Charge	S	282.06	282.06
Domestic extension up to 10m <sup>2</sup>				
	Plan Charge	S	120.00	120.00
	Inspection Fee	S	220.48	220.48
	Building Notice Charge	S	340.48	340.48
	Regularisation Charge	S	368.85	368.85
Domestic extension 10m <sup>2</sup> to 40m <sup>2</sup>				
	Plan Charge	S	120.00	120.00
	Inspection Fee	S	308.60	308.60
	Building Notice Charge	S	428.60	428.60
	Regularisation Charge	S	464.32	464.32
Domestic extension 40m <sup>2</sup> to 100m <sup>2</sup>				
	Plan Charge	S	120.00	120.00
	Inspection Fee	S	420.76	420.76
	Building Notice Charge	S	540.76	540.76
	Regularisation Charge	S	585.82	585.82
A minimum charge for				

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
rooms in the roof is	Plan Charge	S	120.00	120.00
	Inspection Fee	S	288.58	288.58
	Building Notice Charge	S	408.58	408.58
	Regularisation Charge	S	442.62	442.62
A Minimum charge for rooms in the roof with dormer	Plan Charge	S	120.00	120.00
	Inspection Fee	S	343.00	343.00
	Building Notice Charge	S	463.00	463.00
	Regularisation Charge	S	501.63	501.63
Conversion of a habitable room(s)	Plan Charge	S	60.00	60.00
	Inspection Fee	S	200.36	200.36
	Building Notice Charge	S	360.36	260.36
	Regularisation Charge	S	282.06	282.06
The introduction of insulation as part of a re-roof work, re-rendering/plastering and replacement ground floors that does not include changes to structural members	Plan Charge	S	200.28	200.28
	Inspection Fee	S	Included in Plan Charge	Included in Plan Charge
	Building Notice Charge	S	200.28	200.28
	Regularisation Charge	S	216.97	216.97
Domestic external window & door replacements (up to 5)	Building Notice Charge	S	160.22	160.22
	Regularisation Charge	S	173.58	173.58
Domestic external window & door replacements (over 5)	Building Notice Charge	S	To be individually determined	To be individually determined
	Regularisation Charge	S	To be individually determined	To be individually determined
Domestic Internal Alterations, installation of fittings and/or structural work				
Estimated Cost of Building Works				
£				
0 - 2,000	Plan Charge	S	200.28	200.28
	Building Notice Charge	S	200.28	200.28
	Regularisation Charge	S	216.97	216.97
2,001 - 5,000	Plan Charge	S	240.38	240.38
	Building Notice Charge	S	240.38	240.38
	Regularisation Charge	S	260.36	260.36
For schemes exceeding £5,000 estimated contract price the charge is individually determined				
Charges for all non domestic building work				
Estimated Cost of Building Works				
£				
0 - 2,000	Plan Charge	S	200.28	200.28
	Inspection Fee	S		
	Building Notice Charge	S	200.28	200.28
	Regularisation Charge	S	216.97	216.97
2,001 - 5,000	Plan Charge	S	240.34	240.34
	Inspection Fee	S		
	Building Notice Charge	S	240.34	240.34
5,001 - 10,000	Plan Charge	S	70.09	70.09
	Inspection Fee	S	210.29	210.29
	Building Notice Charge	S	280.38	280.38
	Regularisation Charge	S	303.75	303.75
For schemes exceeding £10,000 estimated contract price the charge is individually determined				
Electrical Work - minimum charge when not carried out in conjunction with other controlled building work		Non - S	198.00	198.00
	Regularisation Charge	Non - S	214.50	214.50
Fees for dealing with dangerous structures				
Surveyors mileage costs		Non - S	45p per mile	45p per mile

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
Surveyors time costs		Non - S	Between £14.02 to £25.14 per hour	Between £14.02 to £25.14 per hour
Administration		Non - S	50.00	50.00
Cost of work to make structure safe will depend on the amount and type of work involved				
Exempt Building Certificate		S	29.00	29.00
Retrieval of Plans to enable copies of Certificates to be issued		Non - S	30.00	30.00
Copies of Certificates	Per Copy	Non - S	40.00	10.00
To view Historic / Stored files		Non - S	210.00	210.00
Letters of Confirmation of works carried out if files not available		Non - S	45.00	45.00
<b>Street Naming and Numbering Charges</b>				
Existing Properties House Name Change		S	60.00	63.00
New Properties Numbering/Naming	1-5 Plots	S	176.40	185.00
	6-25 Plots	S	282.00	296.00
	26-75 Plots	S	666.00	700.00
	76+ Plots	S	900.00	945.00
Additional charge where this includes naming of a building (e.g. Block of Flats)		S	120.00	126.00
<b>Existing Streets</b>				
Renaming of street where requested by residents		S	210.00 plus 20.00 per property	220.50 plus 21.00 per property
<b>New Streets</b>				
Additional charge to house numbering where this includes naming of street	Per Street	S	144.00	152.00
<b>Amendments to schedule</b>				
Amending schedule of development already issued following plot change by developer	Per plot affected	S	36.00	39.00
Planning Performance agreement	Individual cases	S	negotiable on an individual case	negotiable on an individual case
<b>Guildhall Room Hire</b>				
Mon - Fri. 8am till 8.30pm per hr	Great Hall	Non - S	60.00	60.00
	Court Room	Non - S	40.00	40.00
	Ceremony Room (Mon-Fri. after 6pm)	Non - S	25.00	25.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00	20.00
	Gallery Room	Non - S	25.00	25.00
	Godwin Room	Non - S	25.00	25.00
	Council Chambers	Non - S	40.00	40.00
	Jeffery Room	Non - S	40.00	40.00
	Holding Room	Non - S	25.00	25.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	30.00	30.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	30.00	30.00
Mon - Fri. per hr after 8.30pm	Great Hall	Non - S	90.00	90.00
	Court Room	Non - S	60.00	60.00
	Ceremony Room (Mon-Fri. after 6pm)	Non - S	60.00	60.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00	20.00
	Gallery Room	Non - S	60.00	60.00
	Godwin Room	Non - S	60.00	60.00
	Council Chambers	Non - S	60.00	60.00
	Jeffery Room	Non - S	60.00	60.00
	Holding Room	Non - S	60.00	60.00

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	50.00	50.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	50.00	50.00
Saturdays per hr	Great Hall	Non - S	90.00	90.00
	Court Room	Non - S	60.00	60.00
	Ceremony Room (Mon-Fri. after 6pm)	Non - S	60.00	60.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00	20.00
	Gallery Room	Non - S	60.00	60.00
	Godwin Room	Non - S	60.00	60.00
	Council Chambers	Non - S	60.00	60.00
	Jeffery Room	Non - S	60.00	60.00
	Holding Room	Non - S	60.00	60.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	50.00	50.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	50.00	50.00
Sundays & Bank Hols Per hr	Great Hall	Non - S	145.00	145.00
	Court Room	Non - S	100.00	100.00
	Ceremony Room (Mon-Fri. after 6pm)	Non - S	100.00	100.00
	Dressing Rooms (2) (to be booked with hall only)	Non - S	20.00	20.00
	Gallery Room	Non - S	100.00	100.00
	Godwin Room	Non - S	100.00	100.00
	Council Chambers	Non - S	100.00	100.00
	Jeffery Room	Non - S	100.00	100.00
	Holding Room	Non - S	100.00	100.00
	Courtyard & Cloister (Mon-Fri. after 6pm & Sat)	Non - S	100.00	100.00
	Mezzanine Area (Mon - Fri. after 6pm & Sat)	Non - S	100.00	100.00
Wedding Ceremony Rates	Great Hall	Non - S	750.00	750.00
	Court Room	Non - S	500.00	500.00
	Great Hall (Sundays & Bank Holidays)	Non - S	1,500.00	1,500.00
	Court Room (Sundays & Bank Holidays)	Non - S	1,000.00	1,000.00
<b>Museum Service</b>				
Room Hire	Meeting Room Hire - Half Day	Non - S	80.00	80.00
	Meeting Room Hire - Full Day	Non - S	160.00	160.00
	Meeting Room Hire - Out of Hours (per hour)	Non - S	125+ additional staff costs	125+ additional staff costs
	Refreshments	Non - S	1.80	1.80
Gallery Hire	AG1 per week:			
	- Non- profit making organisation	Non - S	60.00	60.00
	- Individual Artist	Non - S	100.00	100.00
	AG2 & 3 (per week)	Non - S		
	- Non- profit making organisation	Non - S	60.00	60.00
	- Individual Artist	Non - S	100.00	100.00
	Shoe Lounge	Non - S	Negotiable	Negotiable
Talks		Non - S	63.00 plus travel costs	63.00 plus travel costs
<b>Car Parks</b>				
Charges	Up to 1 hour	Non - S	0.60	0.60
	Up to 2 hours	Non - S	1.20	1.20
	Up to 3 hours	Non - S	2.40	2.40
	Up to 4 hours	Non - S	3.20	3.20
	Up to 5 hours	Non - S	4.00	4.00
	All Day	Non - S	7.00	7.00
	Evening*	Non - S	1.00	1.00
	Overnight*	Non - S	2.50	2.50
	Sunday	Non - S	Free	Free
	Coaches	Non - S	8.00	8.00
	* Selected Car Parks Only			
	Monthly - 7 day	Non - S	120.00	120.00
	Annual - 7 day	Non - S	1,440.00	1,440.00
Permits	Town Centre Annual Parking Permits	Non - S	350.00	360.00
<b>Market Stall Rents</b>				
<u>Permanent Trader Rates</u>				
<u>Winter Rates</u>				
Standard	Tues- Thurs	Non - S	7.00	7.00
	Fri	Non - S	10.00	10.00



**Fees & Charges**

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
1st Class	Sat	Non - S	15.00	15.00
	Tues & Weds	Non - S	9.50	9.50
	Thurs	Non - S	9.00	9.00
	Fri	Non - S	12.50	12.50
2nd Class	Sat	Non - S	17.50	17.50
	Tues & Weds	Non - S	8.50	8.50
	Thurs	Non - S	7.00	7.00
	Fri	Non - S	11.50	11.50
Sat		Non - S	16.50	16.50
	<i>Summer Rates</i>			
	<i>Standard</i>			
	Tues- Weds	Non - S	10.00	10.00
Thurs	Non - S	8.00	8.00	
Fri	Non - S	12.00	12.00	
Sat	Non - S	25.00	25.00	
1st Class	Tues & Weds	Non - S	16.00	16.00
	Thurs	Non - S	10.00	10.00
	Fri	Non - S	18.00	18.00
	Sat	Non - S	31.00	31.00
2nd Class	Tues & Weds	Non - S	14.50	14.50
	Thurs	Non - S	8.00	8.00
	Fri	Non - S	16.50	16.50
	Sat	Non - S	29.50	29.50
<i>Casual Trader Rates</i>				
<i>Winter Rates</i>				
<i>Standard</i>				
	Tues- Thurs	Non - S	10.00	10.00
	Fri	Non - S	12.00	12.00
	Sat	Non - S	20.00	20.00
1st Class	Tues & Weds	Non - S	12.50	12.50
	Thurs	Non - S	12.00	12.00
	Fri	Non - S	14.50	14.50
	Sat	Non - S	22.50	22.50
2nd Class	Tues & Weds	Non - S	11.50	11.50
	Thurs	Non - S	10.00	10.00
	Fri	Non - S	13.50	13.50
	Sat	Non - S	21.50	21.50
<i>Summer Rates</i>				
<i>Standard</i>				
	Tues- Weds	Non - S	12.00	12.00
	Thurs	Non - S	10.00	10.00
	Fri	Non - S	18.00	18.00
	Sat	Non - S	30.00	30.00
1st Class	Tues & Weds	Non - S	18.00	18.00
	Thurs	Non - S	12.00	12.00
	Fri	Non - S	24.00	24.00
	Sat	Non - S	36.00	36.00
2nd Class	Tues & Weds	Non - S	16.50	16.50
	Thurs	Non - S	10.00	10.00
	Fri	Non - S	22.50	22.50
	Sat	Non - S	34.50	34.50

## Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2014/15 Value inc VAT £	2015/16 Value inc VAT £
<b>Housing Fees</b>				
HMO Licence	Processing application & granting licence to high risk HMO's	S	750.00	773.00
Student Accreditation	Request for letter confirming property is satisfactory for intended immigrant	Non - S	0.00	150.00
Immigration		Non - S	150.00	155.00
Housing Act - Enforcement	Charging for taking enforcement action including works in default	S	Cost of work plus admin fee £100.00	Cost of work plus admin fee £103.00
Viewing of Registers	Free office viewing or internet (where applicable) – charge for copy	Non - S	Free	Free to view Copy charge - £21.00
RSL Framework	Registration	Non - S	1,000.00	1,000.00
Choice Based Lettings	Flat rate charge for advertising a property	Non - S	80.00	80.00

Notes

Non S - Non Statutory

S - Statutory function

<b>Report Title</b>	<b>Item 9: Revised Appendix 7 Addition to Capital Programme 2015/16-2019/20 Cultural Quarter Vulcan Works</b>
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## **1. Purpose**

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- 1.1 To seek approval to incorporate the Vulcan Works redevelopment, a key part of Northampton's Cultural Quarter, into the 2015/16-2019/20 Capital Programme.

## **2. Recommendations**

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That Council:

- 2.1 Approve the revised Appendix 7 Capital Programme for 2015/16-2019/20 as attached.
- 2.2 Subject to formal confirmation of the Local Growth Fund award from SEMLEP, as per paragraph 4.4 below, agree that up to the full value of the said award may be borrowed via Northamptonshire Enterprise Partnership (NEP), from the Public Works Loan Board, to allow the Vulcan Works project to immediately progress to its construction phase and notes that the loan is to be repaid when SEMLEP's Local Growth Fund award becomes available in 2016/17.

## **3. Background**

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- 3.1 In January 2013, The Northampton Cultural Quarter was established to provide one of a number of major driving forces for regeneration of Northampton and to provide an opportunity to celebrate both the town's rich history and to showcase its unique contemporary offer. In June 2014, approval from Cabinet was granted for the re-development of the Vulcan Works into a new building to create managed workspaces to support local creative businesses.

## **4. Proposed Changes to the Capital Programme**

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- 4.1 The total £10.8m cost of the Vulcan works redevelopment is proposed to be added to the Capital Programme with expenditure expected in 2015/16 and 2016/17.

- 4.2 The bulk of the funding – £6.3m – is expected to come from South East Midlands Local Enterprise Partnership's (SEMLEP's) Local Growth Fund allocation for 2016/17, which will be available from April 2016. Confirmation of this allocation is anticipated in March 2015. The risk that this funding is not secured is low following SEMLEP's public announcement that the Vulcan Works will be funded from their LGF allocation.
- 4.3 To enable the construction phase to begin immediately, it is proposed that up to the £6.3m is borrowed via Northamptonshire Enterprise Partnership (NEP), from the Public Works Loan Board (PWLB) as NEP have access to preferential borrowing rates more advantageous than the council is able to access directly. The loan will be repaid when SEMLEP's Local Growth Fund allocation becomes available in 2016/17.
- 4.4 The remaining SEMLEP funding of £0.5m has already been secured through the Enterprise Zone Business Rates uplift mechanism.
- 4.5 The Council will be contributing the remaining £4m to the redevelopment. The majority of this comprises £3.35m in land, buildings and other assets already owned by the Council. The remaining £0.65m will be a cash contribution, which will be managed within the existing capital resources of the Council.

## **5. Impact of Proposed Changes**

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- 5.1 There will be no significant overall impact on the Council's resources as a whole or on the affordability of the capital programme, by managing the £0.65m within existing funding sources already identified.
- 5.2 There will also be no significant impact on the prudential indicators within the Treasury Management Strategy.

David Kennedy, Chief Executive Extension: 7226

Glenn Hammons, Section 151 Officer



## Proposed General Fund Capital Programme 2015-16 to 2019-20

Project Title	2014-15 Latest £	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £	Total £
<b>Housing - General Fund</b>							
Disabled Facilities Grant	1,400,000	1,875,000	1,475,000	1,475,000	1,475,000	1,475,000	9,175,000
Empty Homes Programme	740,090						740,090
<b>Self-funding</b>							
IT Infrastructure	173,927	150,000	150,000	150,000	150,000	150,000	923,927
Skate Park Café Extension	35,000	55,000					90,000
<b>Town Centre Improvements</b>							
Greyfriars Demolition	4,250,605	1,050,000					5,300,605
Bus Interchange Works	286,000						286,000
Abington Street - Opening up to Traffic	2,889,023						2,889,023
Superfast Broadband	250,000	250,000					500,000
Visitor Signage in Town Centre	80,000						80,000
St Peters Waterside	100,000	1,000,000					1,100,000
Town Centre Wi-Fi	62,646						62,646
Car Parks - Pay on Exit		200,000	50,000	50,000			300,000
St Johns MSCP Storage Facility	30,000	100,000					130,000
<b>Heritage &amp; Culture</b>							
Vulcan Works	500,000	4,000,000	6,300,000				10,800,000
Delapre Abbey Restoration, incl minor projects	1,492,502	3,877,450	595,031				5,964,983
Delapre Abbey Tea Rooms	50,000	150,000					200,000
Heritage Gateway	100,000	250,000					350,000
Strategic Property Purchase from NCC (subject to Business Case)	2,175,000						2,175,000
<b>Block Programmes - specific schemes to be agreed</b>							
Town Centre Realm improvements	1,135,000	750,000	500,000	500,000	500,000	500,000	3,885,000
Capital Improvements - Regeneration Areas	250,000	250,000	100,000	100,000	100,000	100,000	900,000
Parks/Allotments/Cemeteries Enhancements	508,105	201,332	250,000	250,000	250,000	250,000	1,709,437
Operational Buildings - Enhancements	633,119	400,000	400,000	400,000	400,000	400,000	2,633,119
Commercial Landlord Responsibilities	409,141	270,000	50,000	50,000	50,000	50,000	879,141
<b>Enterprise Zone Schemes - Funded from Growing Places Fund and Local Infrastructure Fund</b>							
St Peters Way Improvements	1,600,000	1,400,000					3,000,000
Site 11 Remediation, Construction and St James Mill Way Electricity Substation	5,563,039						5,563,039
<b>Loans</b>							
NTFC	7,500,000	1,500,000					9,000,000
Cosworth	1,400,000						1,400,000
University of Northampton		46,000,000					46,000,000
Northampton Leisure Trust		300,000					300,000
<b>Other</b>							
Athletics Track	800,000	900,000					1,700,000
Purchase of Albion House	500,000						500,000
Planning IT Improvements	41,000	24,500	17,000	17,000			99,500
Other IT Investment	223,543						223,543
Section 106 Funded Schemes	5,057,163	33,512					5,090,675
Further 14/15 Forecast Underspend	(650,000)						(650,000)
<b>Total General Fund Capital Programme</b>	<b>39,584,903</b>	<b>64,986,794</b>	<b>9,887,031</b>	<b>2,992,000</b>	<b>2,925,000</b>	<b>2,925,000</b>	<b>123,300,728</b>

Proposed General Fund Capital Funding	2014-15 £	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £	Total £
<b>Grants &amp; Contributions:</b>							
Disabled Facilities Grant - External Funding	497,412	594,000	594,000	594,000	594,000	594,000	3,467,412
Heritage Lottery Funding - Delapre Abbey	584,907	2,210,147	339,168				3,134,222
HPDG	106,000	24,500	17,000	17,000			164,500
CLG - St Peters Waterside	100,000	1,000,000					1,100,000
CLG - Cosworth Loan	1,400,000						1,400,000
Section 106	5,057,163	33,512					5,090,675
Vulcan Works External Funding	500,000		6,300,000				6,800,000
Other Grants and Contributions	2,209,651	1,070,000	70,000				3,349,651
Sub-total Grants & Contributions	10,455,133	4,932,159	7,320,168	611,000	594,000	594,000	24,506,460
NBC Earmarked Reserves - Delapre Abbey	146,312	630,808					777,120
New Homes Bonus	3,000,000						3,000,000
Other Revenue/Reserves	929,671						929,671
Capital Receipts - Heritage	900,000						900,000
Capital Receipts - Other	1,737,227	4,720,919	280,413	50,000			6,788,559
Vulcan Works NBC Contribution		3,350,000					3,350,000
Further 14/15 Forecast Underspend	(650,000)	650,000					0
Growing Places Fund and Local Infrastructure Fund (to be repaid from EZ business rate uplift)	6,441,795	1,400,000	0	0	0	0	7,841,795
Self-funded Borrowing (incl Loans)	7,732,575	48,005,000	150,000	150,000	150,000	150,000	56,337,575
Corporate Borrowing Taken Out/(Repaid)	8,892,190	1,297,908	2,136,450	2,181,000	2,181,000	2,181,000	18,869,548
<b>Total Funding</b>	<b>39,584,903</b>	<b>64,986,794</b>	<b>9,887,031</b>	<b>2,992,000</b>	<b>2,925,000</b>	<b>2,925,000</b>	<b>123,300,728</b>

Appendices  
7



**NORTHAMPTON**  
BOROUGH COUNCIL

# COUNCIL

## 23 February 2015

Agenda Status: PUBLIC

Directorate: Management Board

<b>Report Title</b>	<b>Housing Revenue Account (HRA) Budget, Rent Setting 2015/16 and Budget Projections 2016/17 to 2019/20</b>
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### 1. Purpose

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1.1 The purpose of this report is to:

- Approve the HRA 2015/16 budget and the HRA forecasts for 2016/17 to 2019/20, rent increases, service charges and other charges for 2015/16, including the Total Fee proposed for Northampton Partnership Homes (NPH) to deliver the services in scope for 2015/16.
- Provide a brief update on the ongoing work on the direction of the HRA.

### 2. Recommendations

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2.1 That Council approve:

- a) An average rent increase of 2.2% per dwelling, in line with the Government's national rent policy, to take effect from 6<sup>th</sup> April 2015.
- b) The HRA budget for 2015/16 of £54.6m expenditure including options detailed in Appendix 1 and 2.
- c) The HRA capital programme for 2015/16, including future year commitments, and proposed financing as set out in Appendix 3.
- d) The proposed service charges listed in Appendix 4.
- e) That Cabinet be authorised, once the capital programme has been set, to approve new capital schemes and variations to existing schemes during 2015/16, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.
- f) The Total Fees proposed for NPH to deliver the services in scope for 2015/16 detailed in Appendix 5.

- 2.2 That the Council acknowledges the issues and risks detailed in the Chief Finance Officer's report on the robustness of estimates and the adequacy of the reserves.
- 2.3 That the Council delegate authority to the Chief Finance Officer to make any technical changes necessary to the papers for the Council meeting of 23<sup>th</sup> February 2015.
- 2.4 That the Council be recommended to confirm the reserves strategy of protecting balances wherever possible to allow the option of supporting future years' budgets, aiming for a minimum level of unallocated Housing Revenue Account balances of at least £5m for 2015/16 having regard to the outcome of the financial risk assessment and remaining at this level over the medium term.
- 2.5 That Council be recommended to delegate authority to the Chief Executive and Chief Finance Officer to implement any retained HRA budget options and restructures.
- 2.6 That authority be delegated to the Chief Finance Officer in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder to:
  - transfer monies to/from earmarked reserves should that become necessary during the financial year.
  - transfer monies to /from HRA working balances between the Council and NPH for cash flow purposes should that become necessary during the financial year.
  - update prudential indicators in both the Prudential Indicators report and Treasury Strategy report, for Council for any budget changes that impact on these.

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

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#### **3.1 Report Background**

- 3.1.1 In the event that there are changes made in accordance with the delegated authority to the Chief Finance Officer following Cabinet's meeting on the 18<sup>th</sup> February, updated appendices to the Cabinet report will be tabled reflecting these changes.
- 3.1.2 See also Cabinet report attached.

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

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#### **4.1 Policy**

- 4.1.1 See Cabinet report attached.

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

- 4.2.1 See Cabinet report attached.

### **4.3 Legal**

4.3.1 See Cabinet report attached.

### **4.4 Equality**

4.4.1 See Cabinet report attached.

### **4.5 Other Implications**

4.5.1 See Cabinet report attached.

## **5. Background Papers**

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5.1 See Cabinet report attached.

**Glenn Hammons, Chief Finance Officer, 01604 366521,  
ghammons@northamptonshire.gov.uk**

**Management Board, C/o David Kennedy, Chief Executive, ext. 7726,  
dkennedy@northampton.gov.uk**





**NORTHAMPTON**  
BOROUGH COUNCIL

## **CABINET REPORT**

<b>Report Title</b>	<b>Housing Revenue Account (HRA) Budget, Rent Setting 2015/16 and Budget Projections 2016/17 to 2019/20</b>
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**AGENDA STATUS: PUBLIC**

<b>Cabinet Meeting Date:</b>	18 February 2015
<b>Key Decision:</b>	YES
<b>Within Policy:</b>	YES
<b>Policy Document:</b>	YES
<b>Directorate:</b>	Management Board
<b>Accountable Cabinet Member:</b>	Cllr A Bottwood
<b>Ward(s)</b>	N/A

### **1. Purpose**

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- 1.1 To agree the Cabinet's proposals for recommendation to Council on 23 February 2015 for the 2015/16 to 2019/20 HRA budgets.
- 1.2 To agree the Cabinet's proposals for recommendation to Council on 23 February 2015 for the 2015/16 HRA rent setting.
- 1.3 To agree the HRA capital programme funding proposals for 2015/16 and future years.
- 1.4 To ask the Cabinet to recommend to Council that they approve the recommendations in section 2 below.

## 2. Recommendations

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- 2.1 That Cabinet recommend to Council to approve:
- a) An average rent increase of 2.2% per dwelling, in line with the Government's national rent policy, to take effect from 6<sup>th</sup> April 2015.
  - b) The HRA budget for 2015/16 of £54.6m expenditure including options detailed in Appendix 1.
  - c) The proposed service charges listed in Appendix 4.
  - d) The HRA capital programme for 2015/16, including future year commitments, and proposed financing as set out in Appendix 3.
  - e) That Cabinet be authorised, once the capital programme has been set, to approve new capital schemes and variations to existing schemes during 2015/16, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.
  - f) The Total Fees proposed for NPH to deliver the services in scope for 2015/16 detailed in Appendix 5.
- 2.2 That the Cabinet acknowledges the issues and risks detailed in the Chief Finance Officer's statement on the robustness of estimates and the adequacy of the reserves.
- 2.3 That the Council be recommended to confirm the reserves strategy of protecting balances wherever possible to allow the option of supporting future years' budgets, aiming for a minimum level of unallocated Housing Revenue Account balances of at least £5m for 2015/16 having regard to the outcome of the financial risk assessment and remaining at this level over the medium term.
- 2.4 That authority be delegated to the Chief Finance Officer to make any technical changes necessary to the papers for the Council meeting of 23<sup>rd</sup> February 2015.
- 2.5 That Council be recommended to delegate authority to the Chief Executive and Chief Finance Officer to implement any retained HRA budget options and restructures.
- 2.6 That authority be delegated to the Chief Finance Officer in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder to:
- transfer monies to/from earmarked reserves should that become necessary during the financial year.
  - transfer monies to /from HRA working balances between the Council and NPH for cash flow purposes should that become necessary during the financial year.
  - update the budget tables and appendices, prior to Council should any further changes be necessary.
  - update prudential indicators in both the Prudential Indicators report and Treasury Strategy report, for Council for any budget changes that impact on these.
- 2.7 That Cabinet approve the technical funding virement between HRA Revenue contributions and the HRA Repairs and Maintenance budgets for 2014/2015 as per paragraph 3.4.1.

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

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#### **3.1 Report Background**

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

- 3.1.1 The HRA is a ring-fenced account that represents the costs of holding the Council housing stock. There are strict rules surrounding the costs and income that can be charged to this account. Much of the income and expenditure is dictated by legislation and regulation leaving the Council with direct control over a limited number of these budgets. Rental income, by far the largest single budget within the HRA, is calculated in accordance with national rent policy.
- 3.1.2 The HRA Budget proposed for 2015/16 reflects the current service levels and the changes in service delivery.. This year's HRA budget process has incorporated the calculations required to deliver the Council's decision to set up NPH, operational from the 5<sup>th</sup> January 2015. The details of the arrangements and indicative financial Total Fees were presented to Cabinet on the 12th November 2014 and in the draft budget report in December 2014. This report provides the updated financial position and revised Total Fee for NPH to provide the services in scope. In addition to this there are a couple of proposals for specific changes (Medium Term Planning (MTP) options) detailed in Appendix 2.
- 3.1.3 On 17<sup>th</sup> December 2014, Cabinet approved the Draft HRA Budget for consultation. A schedule of all changes since this meeting is paragraph 3.3.2 below.

##### **Welfare Reform**

- 3.1.4 Over the medium term planning period, more information and detail will be released about universal credit and other welfare reform initiatives which will have an impact upon the current service provision of NBC. Universal Credit is available to people who are on a low income or are out of work. It aims to make the welfare system simpler by replacing six benefits and tax credits with a single monthly payment. It includes support for the costs of housing, children and childcare, as well as support for disabled people and carers. It was first introduced in parts of Greater Manchester and Cheshire in April 2013. From June 2014 job centres across the north-west gradually started to take claims, these were for unemployed single claimants with no housing costs. In July 2014, the new service also became available for new claims from couples in all live site areas across England, Scotland and Wales. This extended to families from autumn 2014. The Government has confirmed that they remain on track to deliver Universal Credit safely and securely by 2017. NBC is due to go live with Universal Credit in November 2015 and expects to receive a small number of applications from October 2015. LGSS are making relevant plans to support the process in the second half of the year. This could have an impact on rent collection for the Council which will have an impact on the overall HRA position. To be prudent the bad debt provision was increased in the original 2014/15 budget and this level has been maintained for the 2015/16 to mitigate against this risk and will continued to be monitored closely throughout 2015/16 financial year.

### 3.2 Draft HRA Revenue Budget 2015/16 Cabinet 17<sup>th</sup> December 2014

3.2.1 The Cabinet met on the 17<sup>th</sup> December 2014 and recommended proposals for consultation. The headlines were:

- a) Proposing rent increase in line with national rent policy of 2.2%;
- b) An HRA budget for 2015/16 of £54.6m expenditure including medium term planning options of a saving and investment of equal amounts of £831k.
- c) A change in service delivery with the creation of NPH and the creation of a Total Fee for services broken down over 7 fee elements including a Capital Sum.

### 3.3 Draft HRA Revenue Budget 2015/16 - Cabinet 18<sup>th</sup> February 2015

3.3.1 Further work on the HRA budget has been undertaken to refine the estimates since 17<sup>th</sup> December 2014. This has resulted in a number of adjustments, some of a technical, nature which impact on the draft budget since 17<sup>th</sup> December.

3.3.2 A schedule of all changes since the 17th December 2014 proposals is shown below.

Description	Budget 2015/16
HRA Balanced Budget - December Cabinet	0
<u>NPH Overlay</u>	
- Repairs and Maintenance	297,830
- General Management	277,551
- Special Services	(151,693)
Gate-guard Service budget (NPH)	50,000
Additional Post (75%) - PES Team (NBC)	22,500
Call Care SLA	40,845
Facilities Management SLA	262,563
Change to Post Room SLA	48,100
Increase in Debt Management Recharge	54,670
Interest (Internal Borrowing)	(43,380)
Capital Funding adjustment	400
Contribution to / (from) Reserves	(859,387)
<b>HRA Balanced Budget - February Cabinet</b>	<b>0</b>

## Rents and Rent Setting

- 3.3.3 Rental Income, by far the largest single budget within the HRA, is calculated in accordance with national rent policy. As reported to December Cabinet for 2015/16 the government guidance confirms that rents in the social sector should increase by up to Consumer Price Index (CPI) plus 1 percentage point annually for 10 years. This is a move away from the use of Retail Price Index (RPI) which has historically been used following the Office for National Statistics view that the formula used to produce the RPI does not meet international standards
- The proposal for rent increase in 2015/16 is therefore 2.2% on average across the housing stock. (September CPI 1.2% plus 1%).
  - This level of increase will generate approximately £1m per annum which will assist in funding the-ongoing management and maintenance of the properties.
  - In line with the Governments guidance any dwelling that becomes void in year will automatically have its rent realigned to the Formula Rent, (target rent), which takes account of average national rent, relative county earnings, number of bedrooms and relative property value. The forecast position of rents at target per property type by number of bedrooms is shown in the table below, after modelling the rents for 2015/16

### **Analysis of Dwelling Stock at Target Rent or Not by Property Type**

<b>Dwelling Type</b>	<b>At Target</b>	<b>Not At Target</b>	<b>Total</b>
Bedsit	16	273	289
Bungalow	453	27	480
Flat	388	3134	3522
House	4647	610	5257
Maisonette	4	174	178
Sheltered Bedsit	0	2	2
Sheltered Bungalow	1112	3	1115
Sheltered Flat	47	1012	1059
Very Sheltered Flat	12	15	27
<b>Total Dwellings</b>	<b>6679</b>	<b>5250</b>	<b>11929</b>

- 3.3.4 Those dwellings currently not at Target rent are all less than their Target. The Council does not have any rents above Target. The policy of moving re - let properties straight to Formula was introduced in 2014/15 with the intention of closing the rents to target over a period of time. This will continue to be monitored and any future changes to Rent Policy will be consulted on.

## Service Charges

- 3.3.5 The schedule of proposed Service Charges for 2015/16 is attached at Appendix 4. The Service Charges have been reflected in the budgeted income figures.

## **NPH Management Agreement / services being provided**

3.3.6 The HRA will continue to be the Council's statutory account for the Housing Landlord service, but it will operate in a fundamentally different way to how it has previously. The Council will pay NPH a Total Fee to provide both the Housing Landlord services and those Housing General Fund Services in scope. At its meeting of 9<sup>th</sup> December 2013, Full Council resolved to implement an ALMO to manage the HRA housing stock, with NPH going live on 5<sup>th</sup> January 2015. This falls within the 2014/15 financial year for which budgets are being considered within this report. The embedding and development of NPH is planned to shape the future HRA budgets as efficiencies and improvements to services are made leading to more investment opportunities into the stock and the service. This is already being seen in the current year budgets, see paragraph 3.4.1 below.

3.3.7 In line with the changes since draft budget a schedule of all changes to the NPH total Fee since the 17th December 2014 proposals is shown below.

<b>NPH Total Management Fee</b>	<b>December Cabinet</b>	<b>February Cabinet</b>
Analysed by	<b>£k</b>	<b>£k</b>
Management - HRA	14,039	14,210
Management - GF Housing	246	246
Maintenance - Managed Budget Responsive	11,084	11,033
Maintenance - Managed Budget Cyclical	3,311	3,296
Capital - Managed Budget Improvement to Homes	23,778	23,778
Capital - Managed Budget Improvement to Environment	2,214	2,214
Capital - IT	600	600
<b>TOTAL</b>	<b>55,272</b>	<b>55,377</b>

The Management Agreement provides NPH the ability to action the virement of funds within the Total Fee up to an aggregate of £2 million per annum. Any requirement for a virement above this or of the Housing General Fund element will need NBC approval through the Chief Financial Officer (Statutory section 151 Officer). This will enable the Council to have assurance that the budgets are spent in line with the budget the Council approves. The method of calculating which virements count towards the £2m cap and which do not is contained in the Annex to Schedule 6 of the Management Agreement.

### **HRA Reserves**

3.3.8 In previous years, Cabinet has approved the prudent set aside of funds into specific HRA Reserves to finance future HRA expenditure including capital financing, loss of Supporting People funding, ALMO implementation, risks of Leaseholder claims, Service Improvements, and an Insurance reserve. The use of the capital reserve is incorporated into the capital programme financing considerations included later in this report. The table below shows the current forecast of these reserves to the end of the financial year.

<b>Reserve</b>	<b>Balance as at 1/4/2014</b>	<b>Additions to Reserves</b>	<b>Use of / Reduction to Reserves</b>	<b>Forecast to 31/3/2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Investment	12,999	4,381	0	17,380
HRA Supporting People	558	0	-558	0
HRA Reform Reserve	873	0	-873	0
HRA Leaseholder Reserve	168	82	0	250
HRA Service Improvement	1,395	0	-395	1,000
HRA Insurance Reserve	300	0	0	300
<b>Total</b>	<b>16,294</b>	<b>4,463</b>	<b>-1,826</b>	<b>18,931</b>

3.3.9 These reserves can be drawn down as required, to finance the future strategic requirements of the service. The Capital investment reserve is currently all earmarked for the delivery of the Northampton Standard over the medium term and reflected in the Council's HRA Business Plan. The reserves will be subject to change depending on the outturn position for 2014/15 and future investment priorities driven by the Asset Management Plan and decided by the Council.

### **Adequacy of Working Balances**

3.3.10 A prudent level of working balance, along with appropriate application of reserves, should be part of the overall budget. The Chief Finance Officer reviews the level of balances required to support the Housing Revenue Account spend annually as part of a robust risk assessment. This risk assessment suggests that the minimum level of balances, taking all known risks into account should be in the order of £5m for 2015/16. This will be reviewed at least annually. This minimum level is designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year.

3.3.11 This does not represent a medium to long term safe level of reserves. The level can only accommodate the impact of significant events up to the level set, and would need to be replenished if one or more such events actually occur.

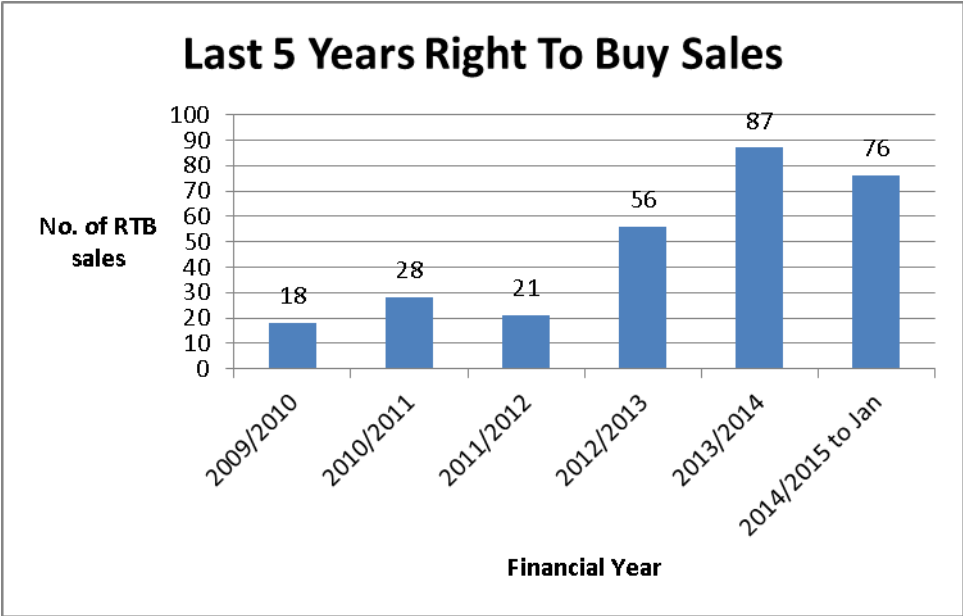
### **3.4 HRA Budget 2014/15 Realignment**

3.4.1 The process of preparing the organisation for the move and creation of Northampton Partnership Homes from the 5th January 2015 required quality information to inform the decision making process and the future HRA Business Planning of the Council. A technical accounting exercise is needed to realign budget to costs to cover the cost of the extended Stock Condition Survey (£750k) and the additional staffing costs required to deliver the Decent Homes programme (£1.1m), for which the Council received grant. Cabinet are asked to approve the virement required to switch funding between revenue contributions to capital and the revenue Repairs and maintenance for 2014/15.

### 3.5 Housing Revenue Account Capital Programme

#### The Financial Position

- 3.5.1 The Council continues to face an extremely challenging financial situation in the short to medium term. Alongside the decision to implement NPH, the Council decided to adopt a new “Northampton Standard” for the maintenance and improvement of Council housing stock. This new higher standard has associated increased costs which have been built in to the capital programme.
- 3.5.2 The HRA is subject to a debt cap whereby the Council cannot carry borrowing on the HRA at over a level set by the Government. For Northampton, this level is £208.4m. This is one of the considerations taken into account when setting the HRA capital programme for 2015/16 onwards. The proposed capital programme does not cause the debt cap to be exceeded in any of the financial years from 2015/16 to 2019/20.
- 3.5.3 **New council House Build.** As reported to Cabinet in December the Council has been successful in its bid, under the Governments Local Growth Fund scheme, for an increase in its debt cap specifically to help fund the building of 100 new Council homes at Dallington. The increase in debt cap awarded is £8.6m which will allow the Council to borrow specifically for this project. The costs and borrowing for this project are forecast to be covered over the life of the project by rental streams generated by affordable rents. Updates will be reported to Cabinet in due course.
- 3.5.4 **Right to Buy (RTB) sales** have increased compared to recent years following an increase in discount levels introduced from April 2012. The updated total RTB sales for the last 5 years and in year to end of January 2015 are shown in the graph below:





3.5.4.1 Assumptions based on these increased resources are included within the indicative HRA capital programme financing shown at Appendix 3. There are two additional considerations arising from this change:

- a) Additional pressure is placed on the revenue budgets through reduced rental income; assumptions around this have been built into the HRA budgets being considered in this report; and
- b) The additional capital receipts must be used towards the provision of new social housing and can only be used to finance 30% of this cost; if the Council does not spend the capital receipts within a 3 year rolling timeframe, the receipts, plus an amount for interest, are payable to Government. The funding can be used to contribute towards additional provision by housing associations. This element is being kept under review by the New Council House Board which meets weekly, chaired the Director of Regeneration Enterprise and Planning.

### **Building the Capital Programme.**

3.5.5 Capital expenditure represents major investment in the Councils Housing assets. The capital programme has been developed through strategic discussions with Housing Management, latest stock condition survey data and via an updated joint Asset Management Plan between the Council and NPH and with latest financing input from the HRA Business Plan.

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

3.5.7 The proposed HRA capital programme for 2015/16 to 2019/20 is attached at Appendix 3. All proposals have been reviewed and challenged by the Director of Regeneration, Enterprise and Planning and the Chief Finance Officer. The value of the total proposed HRA capital programme for 2014/15 is £36.31m and is not changed from December's Draft Budget report.

3.5.8 The table below shows a summary of the draft programme and final proposed capital programme and funding for 2015/16.

## Draft HRA Capital Programme Funding 2014-15

	<b>Draft Budget 2015/16</b>	<b>Proposed Budget 2015/16</b>
	<b>£000s</b>	<b>£000s</b>
<b>Capital programme 2015-16</b>		
External Works	3,095	3,095
Internal Works	7,755	7,755
Communal Areas	78	78
Energy Works	1,087	1,087
Other	14,578	14,578
New Build - Dallington	9,306	9,306
Use of 1-4-1 Replacement Stock	414	414
<b>Total HRA Capital Programme</b>	<b>36,313</b>	<b>36,313</b>
<b>Funding Source:</b>		
Borrowing	8,600	8,600
Capital Receipts	1,856	1,856
Major Repairs Reserve	12,610	12,610
Section 106 Contributions	706	706
Revenue/Earmarked Reserves	12,541	12,541
<b>Total Funding</b>	<b>36,313</b>	<b>36,313</b>

3.5.9 The HRA Capital Programme has been developed within the context of the 30-year Business Plan and the latest stock condition survey. The capital programme has a direct impact on the revenue position of the HRA.

3.5.10 The main focus is the achievement and then maintenance of the Northampton Standard. There is additionally a major scheme for the building of 100 new council houses at Dallington.

3.5.11 The detail of the HRA capital programme for 2016/17 and beyond will be refined in line with annual updates to the business plan and Asset Management Plan.

### **Capital Strategy**

3.5.12 The Capital Strategy was approved by Council on 29<sup>th</sup> February 2012 and remains current. The aim of the Capital Strategy is to provide a clear framework for capital funding and expenditure decisions in the context of the Council's vision, values, objectives and priorities, financial resources and spending plans. The strategy will be reviewed and updated as part of the next update of medium term financial plans during 2015.

### **3.6 The Next Steps**

- 3.6.1 The timetable for the 2015/16 budget process requires a meeting of the Council on 23rd February 2015, at which consideration will be given to the recommendations of this Cabinet in relation to the expenditure, income, and rent proposals that relate to HRA spending.

### **3.7 Consultation**

- 3.7.1 Formal consultation with the public and local businesses on the budget was launched on 17th December 2014 and will continue until the budget is formally adopted in February 2015.
- 3.7.2 The HRA budgets and proposed rent increases were presented to tenants on 2<sup>nd</sup> December 2014. Other panels were also consulted on the Rents and are detailed in Appendix 6.
- 3.7.3 The Council's dedicated budget information web pages received over **2000** visits and **90** people completed online questionnaires providing more than **91** comments for the Council Wide Budget.
- 3.7.4 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 26 January 2015. Audit Committee reviewed the budget proposals from a risk perspective on 12 January 2015. Details of these reviews can be found in the General Fund Budget report at Appendix 3.

### **3.8 Choices (Options)**

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

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

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### **4.1 Policy**

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

## **4.2 Resources and Risk**

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

## **4.3 Legal**

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

## **4.4 Equality**

- 4.4.1 Under the general equality duty (as set out in the Equality Act 2010). Public authorities are required to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation as well as advance equality of opportunity and foster good relations between different people when carrying out its activities. Failure to comply with this duty would be challengeable in the courts.
- 4.4.2 The law requires that this duty to have due regard be demonstrated in decision making processes. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had due regard to the aims of the equality duty
- 4.4.3 Equality and Community Impact were considered as a part of the budget build process, and an impact assessment screening was completed as part of each medium term planning option submitted where appropriate. An Equality and Community Impact Assessment for the budget consultation was made public as part of the budget consultation.
- 4.4.4 Members are required to have specific regard to the equalities issues identified when making the decision to approve the budget options. The detailed Equalities Impact Assessments are available on the Internet as a background paper to this report.
- 4.4.5 Where issues have been identified and the option is approved, the detailed Equalities Impact Assessment will be used to inform the implementation of the budget option.

## **4.5 Consultees (Internal and External)**

- 4.5.1 Internally heads of service and budget managers have been consulted, and Management Board has carried out a detailed challenge of the budget with Members. External consultation carried out as detailed in Appendix 6.

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

- 4.6.1 Consulting on the draft budget is a key ingredient of effective financial governance, which contributes to the priority of making every pound go further.

## **4.7 Appendices**

The Appendices are set out as follows:

- 1 Housing Revenue Account Summary
- 2 Housing Revenue Account Medium Term Planning Options
- 3 Proposed Housing Revenue Account Capital Programme and Financing
- 4 HRA Fees and Charges
- 5 NPH Total Fee Detail
- 6 Consultation on Rent Increases

## **5. Background Papers**

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- 5.1 Capital Strategy 2012 - 2015
- 5.2 Medium Term Planning Options list HRA
- 5.3 Equality Screening and Analysis for MTP Options HRA

David Kennedy, Chief Executive, ext. 7726

Glenn Hammons, Section 151 Officer, 01604 366521



## Housing Revenue Account Budget Summary 2015-2020

Description	Note	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
<b>INCOME</b>						
		£	£	£	£	£
Rents - Dwellings Only	(1)	(51,371,300)	(52,760,300)	(54,185,400)	(55,644,000)	(58,320,700)
Rents - Non Dwellings Only	(1)	(1,099,600)	(1,112,900)	(1,126,400)	(1,140,200)	(1,154,300)
Service Charges		(2,063,871)	(2,065,840)	(2,067,779)	(2,069,718)	(2,069,678)
Other Income		(85,000)	(85,000)	(85,000)	(85,000)	(85,000)
<b>Total Income</b>		<b>(54,619,771)</b>	<b>(56,024,039)</b>	<b>(57,464,577)</b>	<b>(58,938,915)</b>	<b>(61,629,674)</b>
<b>EXPENDITURE</b>						
Repairs and Maintenance	(2)	14,765,262	14,990,404	15,119,857	15,244,169	15,333,268
General Management	(2)	6,994,066	7,220,949	7,787,803	7,746,358	7,355,930
Special Services	(2)	3,948,957	4,075,651	4,170,834	4,270,454	4,359,105
Rents, Rates, Taxes & Other Charges		278,675	279,066	279,476	279,910	280,365
Increase in Bad Debt Provision		750,000	750,000	750,000	750,000	750,000
Rent Rebate Subsidy Deductions		0	0	0	0	0
<b>Total Expenditure</b>		<b>26,736,959</b>	<b>27,316,069</b>	<b>28,107,969</b>	<b>28,290,890</b>	<b>28,078,667</b>
<b>Continuation Budget</b>		<b>(27,882,812)</b>	<b>(28,707,970)</b>	<b>(29,356,608)</b>	<b>(30,648,025)</b>	<b>(33,551,007)</b>
<b>Medium Term Planning Options</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Recharges from the General Fund		6,582,938	6,582,938	6,582,938	6,582,938	6,582,938
Interest & Financing Costs						
- Premia		0	0	0	0	0
- Interest on balances		(58,350)	(66,250)	(87,230)	(105,720)	(128,700)
- Mortgage interest		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
- Internal Borrowing (Over funded CFR)		(43,380)	(54,560)	(16,800)	18,760	12,930
- Interest Fixed Rate		6,352,300	6,351,100	6,349,360	6,499,110	6,503,380
RCCO		12,540,642	11,863,250	4,171,074	5,007,738	7,470,158
Depreciation/MRA		12,610,000	13,008,000	13,430,000	13,864,000	14,114,000
Contribution to / (from) Reserves		(10,100,338)	(8,975,508)	(1,071,734)	(1,217,801)	(1,002,699)
<b>Remaining Deficit / (Surplus)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Notes

(1) 2015/16 rent increase based on policy CPI+1% (2.2%), then 3.5% estimated for 16/17 onwards

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

Description	£'000
Repairs and Maintenance	14,765
General Management	6,994
Special services	3,949
Net Recharges from the General Fund	6,583
Less NBC Retained Budgets	(3,752)
<b>NPH Budget as per Appendix 5</b>	<b>28,539</b>



**Housing Revenue Account MTP Options**

<b>MTP Reference</b>	<b>MTP Option Description</b>	<b>2015/2016 £</b>	<b>2016/2017 £</b>	<b>2017/2018 £</b>	<b>2018/2019 £</b>	<b>2019/2020 £</b>
HRA01	Implementation of 2014 Employee Cost Review	(831,400)	(831,400)	(831,400)	(831,400)	(831,400)
HRA02	NPH Investment	831,400	0	0	0	0
HRA03	HRA Investment	0	831,400	831,400	831,400	831,400
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Proposed Capital Programme 2015-16 to 2019-20 - HRA

	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	£	£	£	£	£	£
<b><u>External Works</u></b>						
Pitched Roofs	548,033	397,799	606,440	917,940	581,719	3,051,931
Chimneys	79,750	78,359	70,267	51,071	139,565	419,012
Flat Roofs	43,232	59,660	106,970	120,968	115,759	446,589
Fascias & Soffits	277,417	478,889	741,258	731,004	822,496	3,051,064
Rainwater Goods	222,250	424,360	586,635	935,211	1,076,264	3,244,720
Walls	770,332	804,559	1,092,279	927,133	1,627,744	5,222,047
Canopies and Walkways	48,183	55,411	101,778	197,808	102,276	505,456
Windows	236,367	426,870	460,623	419,311	814,382	2,357,553
Doors	128,250	184,347	350,557	394,404	324,821	1,382,379
Environmental Works	740,890	1,105,918	1,150,461	899,674	1,661,027	5,557,970
<b><u>Internal Works</u></b>						
Kitchens	1,900,000	939,291	0	0	0	2,839,291
Bathrooms	1,725,904	1,283,717	414,409	417,404	425,830	4,267,264
Electrics	1,173,200	517,984	0	0	0	1,691,184
Heating	2,956,220	1,477,424	0	0	0	4,433,644
<b><u>Communal Areas</u></b>						
Communal services	0	0	0	0	2,203,523	2,203,523
Communal doors	78,817	125,595	392,247	441,538	316,214	1,354,411
<b><u>Energy Works</u></b>	1,087,020	1,577,934	3,055,742	2,563,352	2,450,674	10,734,722
<b><u>Other</u></b>						
Front and back lights	894,779	1,078,620	801,733	862,564	764,993	4,402,689



Proposed Capital Programme 2015-16 to 2019-20 - HRA

	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	£	£	£	£	£	£
Non-Trads	2,000,000	0	0	0	0	2,000,000
Related Assets/ Structural Repairs	150,000	152,648	155,400	158,198	161,037	777,283
Asbestos - Amendment to Savills Schedule	400,000	407,060	414,400	421,860	429,432	2,072,752
Section 20 Leasehold Works	150,000	152,648	155,400	158,198	161,037	777,283
Fire Risk works	1,000,000	1,017,650	518,000	527,325	0	3,062,975
Environmental Improvements	500,000	2,544,125	5,298,456	5,393,839	5,490,653	19,227,073
Disabled Adaptations	1,132,000	1,151,980	1,172,752	1,193,864	1,215,293	5,865,889
Major Works/ Remodelling	1,000,000	1,272,063	1,813,000	2,109,300	1,073,580	7,267,943
Major Refurbishment	500,000	763,238	777,000	790,988	805,185	3,636,411
Sheltered Housing Review	1,500,000	1,526,475	2,072,000	1,054,650	0	6,153,125
Garage Strategy Project (Blocks/ Sites)	500,000	1,526,475	518,000	0	0	2,544,475
Common Area Refurbishments		0	103,600	580,058	590,469	1,274,127
SCATE Project	750,000	1,441,671	1,467,667	1,494,088	0	5,153,426
Installation of PV Panels (NHS)	3,000,000	2,747,655	518,000	0	0	6,265,655
Energy Improvements	500,000	508,825	518,000	790,988	805,185	3,122,998
IT Capital	600,000					600,000
New Build - Dallington	9,306,000					9,306,000
Use of 1-4-1 Receipts	414,000	1,138,000	1,179,000	1,200,000	1,200,000	5,131,000
<b>Total</b>	<b>36,312,642</b>	<b>27,367,250</b>	<b>26,612,074</b>	<b>25,752,738</b>	<b>25,359,158</b>	<b>141,403,862</b>



**Proposed Capital Programme 2015-16 to 2019-20 - HRA**

	2015-16	2016-17	2017-18	2018-19	2019-20	Total
	£	£	£	£	£	£
<b><u>SPLIT:</u></b>						
Improvements to Homes	23,778,157	21,374,991	17,790,177	16,955,122	13,722,748	93,621,195
Improvements to Environment	2,214,485	4,854,258	7,642,896	7,597,614	10,436,410	32,745,663
IT Capital	600,000					600,000
<b>Total NPH</b>	<b>26,592,642</b>	<b>26,229,249</b>	<b>25,433,073</b>	<b>24,552,736</b>	<b>24,159,158</b>	<b>126,966,862</b>
NBC Retained (New Build and 141 Receipts)	9,720,000	1,138,001	1,179,001	1,200,002	1,200,000	14,437,000
<b>Total Capital Programme</b>	<b>36,312,642</b>	<b>27,367,250</b>	<b>26,612,074</b>	<b>25,752,738</b>	<b>25,359,158</b>	<b>141,403,862</b>

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<b><u>FINANCING:</u></b>						
Major Repairs Reserve/Depreciation	12,610,000	13,008,000	13,430,000	13,864,000	14,114,000	67,026,000
Capital Receipts - Right to Buy (excl 1-4-1)	1,442,000	1,221,000	1,245,000	1,270,000	1,295,000	6,473,000
Capital Receipts - RTB 1-4-1 Receipts	414,000	1,138,000	1,179,000	1,200,000	1,200,000	5,131,000
Revenue/Earmarked Reserve	12,540,642	11,863,250	4,171,074	5,007,738	7,470,158	41,052,862
Borrowing	0	137,000	6,587,000	4,411,000	1,280,000	12,415,000
Section 106 - New Build Dallington	706,000					706,000
Additional Borrowing Cap re New Build	8,600,000					8,600,000
<b>Total Financing - HRA</b>	<b>36,312,642</b>	<b>27,367,250</b>	<b>26,612,074</b>	<b>25,752,738</b>	<b>25,359,158</b>	<b>141,403,862</b>

**SCHEDULE OF SERVICE CHARGES 2015/16**

<b><u>SERVICE CHARGES (48 week Basis)</u></b>		<b>PRESENT</b>	<b>PROPOSED</b>
		<b>£</b>	<b>£</b>
<b>Garages</b>		8.64	8.83
( +VAT in some cases)			
<b>Commuter Surcharge on Garages</b>		13.73	14.03
( +VAT in some cases)			
<b>Communal Heating</b>		9.83	9.95
<b>Sheltered Charges</b>			
- Level 1 Low		5.83	5.90
- Level 2 Medium		12.65	12.80
- Level 3 High		18.57	18.79
<b>Brookside Meadows New Build - Service Charges</b>			
- Tarmac and Block Paving		3.65	3.69
- Electric Gates		1.02	1.03
<b>CCTV</b>		3.59	3.63
<b>Grounds Maintenance</b>		1.96	1.98
<b><u>Non- Standard Service Charges</u></b>			
<b>Electricity Communal</b>	<b>Low</b>	0.11	0.11
	<b>High</b>	6.57	6.65
<b>Estate Services - Cleaning and Caretaking</b>			
- Service Level 1		0.37	0.37
- Service Level 2		0.89	0.90
- Service Level 3		1.11	1.12
- Service Level 4		1.47	1.49
- Service Level 5		2.21	2.24
- Service Level 6		3.32	3.36
- Service Level 7		4.42	4.47
- Service Level 8		4.42	4.47

		NPH					
		Jan-Mar 15	2015/16	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
		£	£	£	£	£	£
<b>Housing Management &amp; Maintenance(HRA)</b>							
<b>Total</b>	<b>Repairs &amp; Maintenance</b>	3,582,193	14,328,770	14,451,574	14,133,257	13,815,819	13,473,042
<b>Total</b>	<b>General Management</b>	1,403,786	5,615,145	5,613,650	5,634,842	5,656,245	5,677,857
<b>Total</b>	<b>Special Services</b>	962,278	3,849,111	3,866,153	3,883,430	3,900,878	3,918,498
	<b>NPH Investment</b>	0	831,400	0	0	0	0
	Recharges from the General Fund (*)	1,053,615	3,914,458	3,888,031	3,888,031	3,888,031	3,888,031
<b>TOTAL HRA</b>		<b>7,001,871</b>	<b>28,538,884</b>	<b>27,819,407</b>	<b>27,539,560</b>	<b>27,260,972</b>	<b>26,957,428</b>
<b>Housing General Fund</b>							
<b>Total</b>	<b>Travellers Site</b>	41,388	165,553	165,689	165,827	165,967	166,108
<b>Total</b>	<b>Home Choice &amp; Resettlement</b>	20,000	80,000	80,784	81,579	82,381	83,192
<b>TOTAL GF HOUSING</b>		<b>61,388</b>	<b>245,553</b>	<b>246,473</b>	<b>247,406</b>	<b>248,349</b>	<b>249,300</b>
<b>TOTAL REVENUE</b>		<b>7,063,259</b>	<b>28,784,437</b>	<b>28,065,880</b>	<b>27,786,966</b>	<b>27,509,321</b>	<b>27,206,728</b>
<b>HRA Capital Programme</b>							
		12,175,000	26,592,642	26,229,249	25,433,073	24,552,736	24,159,158
<b>GRAND TOTAL</b>		<b>19,238,259</b>	<b>55,377,079</b>	<b>54,295,129</b>	<b>53,220,039</b>	<b>52,062,057</b>	<b>51,365,886</b>
<b>Analysed by</b>							
	Management - HRA	3,403,139	14,210,114	13,367,833	13,406,303	13,445,154	13,484,385
	Management - GF Housing	61,388	245,553	246,473	247,406	248,349	249,300
	Maintenance - Managed Budget Responsive	2,771,024	11,033,153	11,127,712	10,882,608	10,638,180	10,374,243
	Maintenance - Managed Budget Cyclical	827,709	3,295,617	3,323,862	3,250,649	3,177,638	3,098,800
	Capital - Managed Budget Improvement to Homes	12,175,000	23,778,157	21,374,991	17,790,177	16,955,122	13,722,748
	Capital - Managed Budget Improvement to Environment		2,214,485	4,854,258	7,642,896	7,597,614	10,436,410
	ITC		600,000				
<b>Total</b>		<b>19,238,260</b>	<b>55,377,079</b>	<b>54,295,129</b>	<b>53,220,039</b>	<b>52,062,057</b>	<b>51,365,886</b>
<b>Notes:</b>							
(*) Recharges comprise approximately £2.1m from LGSS and £1.8m from the General Fund							
All figures are subject to the annual approval, by Council, of the HRA and General Fund budgets in accordance with clause 10							
Estimated figures for future years are shown in real terms excluding inflation.							
Capital programme excludes £2m pa provision for buy-back of ex-Council properties; such budget remains with NBC							
Capital programme based upon figures provided in support of the Asset Management Strategy, adjusted in line with the draft HRA Business Plan							
All items of income associated with the service are assumed to be collected directly to the Council's account							
The above figures do not include any proposed savings resulting from the review of the Housing General Fund services							
<b>DRAFT FIGURES AT 10 FEBRUARY 2015 SUBJECT TO CHANGE</b>							

## **Rent Increase 2015/16 - Tenant Consultation**

Consultation with tenants about the proposed rent increase for 2015/16 has been undertaken through presentations to both the Rent and Welfare Reform Service Improvement Panel and the Tenant Panel.

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

The Tenant Panel was set up in 2012 when the Council started the housing options review. Consisting sixty tenant volunteers the Panel has been at the heart of the development of Northampton Partnership Homes. It will continue to work in partnership with the Council and NPH to further develop the housing service. Both panels are open to all tenants.

Each presentation covered the following:

- Why rents are reviewed each year
- How rents are set
- Government guidance on rent setting
- The end of rent restructuring and the changes to government guidance for 2015/16
- The proposed rent increase for 2015/16

The presentation to the Rents SIP was undertaken on the 14 November 2014. Nine of the twelve panel members were in attendance. The Panel raised no concerns about the proposed increase. Some panel members commented that they felt the increase to be fair and reasonable.

The presentation to the Tenant Panel was undertaken on the 2 December 2014. Thirty panel members were present. Again the Panel raised no concerns about the proposed increase. Those questions and concerns that were raised focused on matters surrounding Welfare Reform, levels of support available for tenants experiencing financial difficulty and the application of benefit sanctions by the DWP.

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

## **COUNCIL**

### **23 February 2015**

**Agenda Status: PUBLIC**

**Directorate: Management Board**

<b>Report Title</b>	<b>Council Tax Resolution 2015/16</b>
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#### **1. Summary**

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

#### **2. Recommendations**

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2.1 That Council approve the Council Tax resolution shown at **Appendices A, B, and C**.

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

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##### **3.1 Report Background**

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

3.1.2 If the recommendation above is approved there will be a zero average Council Tax increase for Northampton Borough Council's services, as set out at **Appendix B** (schedules A and B). After taking account of the Parishes, the Office of Northamptonshire Police and Crime Commissioner, and the County Council, the average increase in tax levels will vary depending on the relevant parish precept charge.

3.1.3 The Parish Council Precepts for 2015/16 are detailed in **Appendix C** and total £1,021,798. The average Band D Council Tax for Parish Councils has

reduced by 4.3% and results in an average Band D Council Tax figure of £16.50 for 2015/16.

3.1.4 Northamptonshire County Council meets on 19 February 2015 and is expected to set their precept at £66,201,202. This results in a Band D Council Tax of £1,069.02.

3.1.5 The Northamptonshire Police and Crime Commissioner is expected to approve the draft precept at £12,444,851. This results in a Band D Council Tax of £200.96.

3.1.6 The budget requirement for council tax setting purposes is £13,897,041.

3.1.7 If the formal Council Tax Resolution at **Appendix A** is approved, the total Band D Council Tax will be as follows:

	2014/15	2015/16	Increase		%
	£	£	£ Per Annum	£ Per Week	Increase
Northampton BC	207.91	207.91	0.00	0.00	0.00%
Northamptonshire Police and Crime Commissioner	197.04	200.96	3.92	0.08	1.99%
Northamptonshire County Council	1,048.57	1,069.02	20.45	0.39	1.95%
<b>Sub Total</b>	<b>1,453.52</b>	<b>1,477.89</b>	<b>24.37</b>	<b>0.47</b>	<b>1.69%</b>
Parish Precepts (Average)	17.25	16.50	-0.75	-0.01	-4.35%
<b>Total</b>	<b>1,470.77</b>	<b>1,494.39</b>	<b>23.62</b>	<b>0.46</b>	<b>1.61%</b>

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

### 3.2 Parish Council Changes during 2015/16

3.2.1 During 2012 the Council conducted a Community Governance Review (CGR) pursuant to the provisions of the Local Government and Public Involvements in Health Act 2007. This review resulted in the Northampton Borough Council (Reorganisation of Community Governance) Order 2013.

3.2.2 One of the outcomes of this review was to split the current Wootton and East Hunsbury Parish Council into two separate Parish Councils, to take effect in April 2015. Most of the order took effect in April 2013, such as minor boundary changes to other Parish Councils and creation of new Parish Councils, but the split of was deferred until 2015 to enable preparatory work to be carried out.

3.2.3 During 2015/16 Wootton and East Hunsbury Parish Council will split and become two parish councils. Working groups were set up during 2014/15 to assist with the arrangements for the split to take place.

3.2.4 This split has no impact upon the resolution for 2015/16, however, the 2016/17 Council Tax Resolution will show the two new parish councils separately.

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

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##### **4.1 Policy**

4.1.1 None

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

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

##### **4.3 Legal**

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

##### **4.4 Equality**

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

##### **4.5 Consultees (Internal and External)**

4.5.1 Internally Heads of Service and Budget Managers have been consulted, and Management Board has carried out a detailed challenge of the budget which feeds into this report. In addition tax base and collection fund information has been provided by the Revenues and Benefits Team.

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

##### **4.6 How the Proposals deliver Priority Outcomes**

4.6.1 The proposals in this report deliver 'a continued council tax freeze alongside creating a local council tax scheme and lobbying central Government to get the best for the Council in terms of funding' in line with the outcomes desired under the corporate priority of 'making every £ go further'.

##### **4.7 Other Implications**

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

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

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



## Council Tax Resolution 2015/16

Northampton Borough Council (hereinafter referred to as “the Council” in this resolution) calculated the following amounts for the year 2015/2016 in accordance with various regulations and RESOLVES for the financial year 2015/2016 to:

- 1 Note that on 15/01/2015 the Council calculated the Council Tax Base 2015/16:
- a) for the whole council area as: 61,927 (Item T in the formula in section 31B of the Local Government Finance Act 1992, as amended)
- b) for the parish precept area as: 19,948 for dwellings in those parts of its area to which a parish precept relates as in the attached appendix C.
- 2 Set the Council Tax Requirement for its own purposes for 2015/16 (including parish precepts) at £13,897,041.
- |    |   |                   |
|----|---|-------------------|
|    | £   |                   |
| a) | Net Expenditure on Council Services including formula grant | 12,875,243        |
| b) | Parish Council Precepts                                     | 1,021,798         |
| c) | Total Council Tax Requirement                               | <u>13,897,041</u> |
- 3 Set the following amounts in accordance with sections 31 to 36 of the Local Government Finance Act 1992:
- a) Relevant Gross Expenditure 122,993,454 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils
- b) Relevant Gross Income (109,096,413) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- c) Council Tax Requirement 13,897,041 The Council Tax Requirement being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- d) Basic Council Tax including Parish Precepts 224.41 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).
- e) Total of Special Items 1,786,812 This represents the total of Parish precepts and other special items in accordance with s34(1) of the Act (as shown at 2 above).
- f) Basic Amount of Council Tax for dwellings in parts of the area to which no special items relate 195.56 Item (e) - (g) divided by tax base (resolution 2(a)) in accordance with s34(2) of the Act.
- 4 Note that the County Council and the Police and Crime Commissioner have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table at Schedule C.
- 5 Note that the Council, in accordance with Sections 30 and 36 of the Act hereby sets the aggregate amounts shown in the tables at appendix 2 as the amounts of Council Tax for 2014/15 for each part of its area and for each of the categories of dwellings.

6 Note that the Council's basic amount of council tax for 2015 (for the Borough's own purposes and excluding special expenses) is not excessive in accordance with the principles approved under section 52ZB of the Local Government Finance Act 1992

**Schedules**

Schedule A	(1)	(2)	(3)	(4)	(5)
	Council Tax Base	Special Expenses	Special Expenses Charge	Basic Amount of Council Tax excluding Special Expenses	Basic Amount of Council Tax including Special Expenses
	£	£	£	£	£
Area:					
Billing	2,507	167,841	66.96	195.56	262.52
Collingtree	507	12,140	23.95	195.56	219.51
Duston	5,358	431,469	80.53	195.56	276.09
Great Houghton	284	20,770	73.03	195.56	268.59
Hardingstone	761	23,401	30.74	195.56	226.30
Upton	2,181	27,000	12.38	195.56	207.94
Wootton & East Hunsbury	6,258	367,284	58.69	195.56	254.25
Hunsbury Meadows	489	14,220	29.07	195.56	224.63
West Hunsbury	1,602	44,755	27.93	195.56	223.49
Unparished Area	41,979	677,932	16.15	195.56	211.71
	61,927	1,786,812			

**Schedule B****Basic Amount of Council Tax for each Council Tax band**

Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Area:								
Billing	175.01	204.18	233.35	262.52	320.86	379.20	437.53	525.04
Collingtree	146.34	170.73	195.12	219.51	268.29	317.07	365.85	439.02
Duston	184.06	214.74	245.41	276.09	337.44	398.80	460.15	552.18
Great Houghton	179.06	208.90	238.75	268.59	328.28	387.96	447.65	537.18
Hardingstone	150.87	176.01	201.16	226.30	276.59	326.88	377.17	452.60
Upton	138.63	161.73	184.84	207.94	254.15	300.36	346.57	415.88
Wootton & East Hunsbury	169.50	197.75	226.00	254.25	310.75	367.25	423.75	508.50
Hunsbury Meadows	149.75	174.71	199.67	224.63	274.55	324.47	374.38	449.26
West Hunsbury	148.99	173.83	198.66	223.49	273.15	322.82	372.48	446.98
Unparished Area	141.14	164.66	188.19	211.71	258.76	305.80	352.85	423.42

**Schedule C****Major Precepting Authorities Council Tax for each Council Tax band**

Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Northamptonshire County Council	712.68	831.46	950.24	1,069.02	1,306.58	1,544.14	1,781.70	2,138.04
Northamptonshire Police and Crime Commissioner	133.97	156.30	178.63	200.96	245.62	290.28	334.93	401.92

**Schedule D****Aggregate Council Tax for each Council Tax band**

Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Area:								
Billing	1,021.66	1,191.94	1,362.22	1,532.50	1,873.06	2,213.62	2,554.16	3,065.00
Collingtree	992.99	1,158.49	1,323.99	1,489.49	1,820.49	2,151.49	2,482.48	2,978.98
Duston	1,030.71	1,202.50	1,374.28	1,546.07	1,889.64	2,233.22	2,576.78	3,092.14
Great Houghton	1,025.71	1,196.66	1,367.62	1,538.57	1,880.48	2,222.38	2,564.28	3,077.14
Hardingstone	997.52	1,163.77	1,330.03	1,496.28	1,828.79	2,161.30	2,493.80	2,992.56
Upton	985.28	1,149.49	1,313.71	1,477.92	1,806.35	2,134.78	2,463.20	2,955.84
Wootton & East Hunsbury	1,016.15	1,185.51	1,354.87	1,524.23	1,862.95	2,201.67	2,540.38	3,048.46
Hunsbury Meadows	996.40	1,162.47	1,328.54	1,494.61	1,826.75	2,158.89	2,491.01	2,989.22
West Hunsbury	995.64	1,161.59	1,327.53	1,493.47	1,825.35	2,157.24	2,489.11	2,986.94
Unparished Area	987.79	1,152.42	1,317.06	1,481.69	1,810.96	2,140.22	2,469.48	2,963.38

## Parish &amp; Town Council Precepts

	2014/15			2015/16			
	Tax Base	Precepts £	Council Tax Band D (£)	Tax Base	Precepts £	Council Tax Band D (£)	Council Tax Increase
Billing	2,402	141,796	59.03	2,507	144,632	57.70	-2.2%
Collingtree	509	30,140	59.26	507	12,140	23.95	-59.6%
Duston	5,260	407,460	77.46	5,358	415,035	77.46	0.0%
Great Houghton	279	21,840	78.16	284	20,770	73.03	-6.6%
Hardingstone	758	38,401	50.67	761	23,401	30.74	-39.3%
Upton	2,007	23,000	11.46	2,181	27,000	12.38	8.0%
Wootton & East Hunsbury	6,215	324,825	52.27	6,258	327,100	52.27	0.0%
Hunsbury Meadows	475	13,820	29.08	489	14,220	29.07	0.0%
West Hunsbury	1,586	45,000	28.38	1,602	37,500	23.41	-17.5%

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

	Precepts Band D (£)	Special Expenses Band D (£)	Total (£)
Billing	57.70	9.26	66.96
Collingtree	23.95	0.00	23.95
Duston	77.46	3.07	80.53
Great Houghton	73.03	0.00	73.03
Hardingstone	30.74	0.00	30.74
Upton	12.38	0.00	12.38
Wootton & East Hunsbury	52.27	6.42	58.69
Hunsbury Meadows	29.07	0.00	29.07
West Hunsbury	23.41	4.52	27.93
Unparished	0.00	16.15	16.15

<p><b>Appendices</b> None</p>
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**NORTHAMPTON**  
BOROUGH COUNCIL

# **COUNCIL**

## **23 FEBRUARY 2015**

**Agenda Status: Public**

**Directorate: Management Board**

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

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- 1.1 To advise the Council on the robustness of the estimates in the budget and the adequacy of the proposed financial reserves for the General Fund and Housing Revenue Account before Council approve the Medium Term Financial Plan 2015/20, the Revenue Budget for 2015/16, Capital Programme 2015/20, Housing Revenue Account (HRA) 2015/16, HRA Capital Programme 2015/20, Reserves levels and Treasury Management Strategy 2015/16.

### **2. Recommendations**

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- 2.1 That Council carefully consider the content of this report with regards to the General Fund and Housing Revenue Account prior to approval of the Council approving the Medium Term Financial Plan 2015/20, the Revenue Budget for 2015/16, Capital Programme 2015/20, Housing Revenue Account (HRA) 2015/16, HRA Capital Programme 2015/20, Reserves levels and Treasury Management Strategy 2015/16.

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

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#### **3.1 Report Background**

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

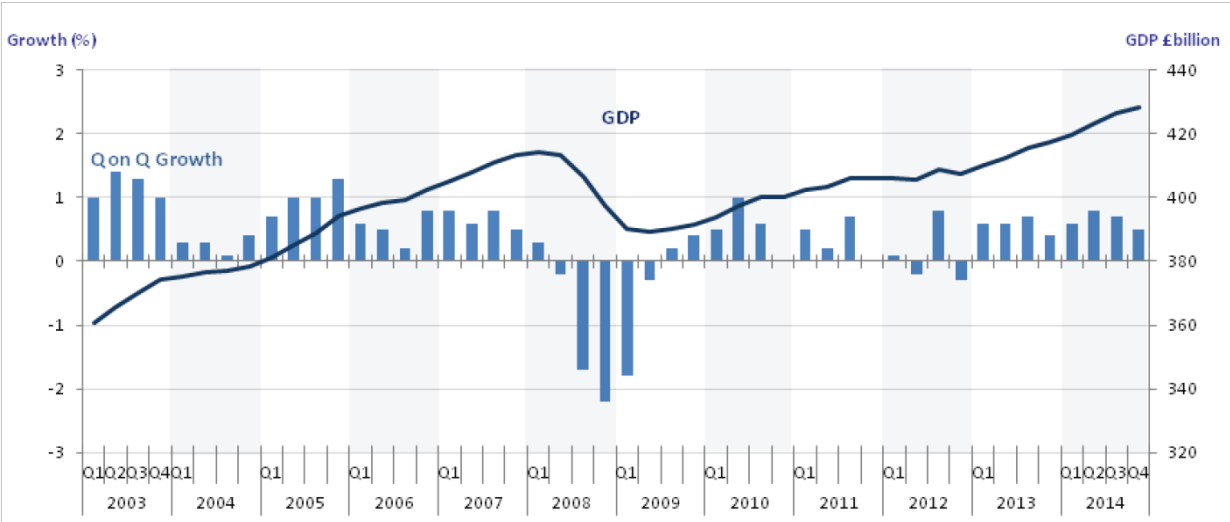
**3.2 Context**

3.2.1 The Council is setting its budget at a time when it continues to face significant challenges. In broad terms these can be split into 3 categories; economic, local government and local challenges. Each of these challenges is explored below.

**Economic Challenges**

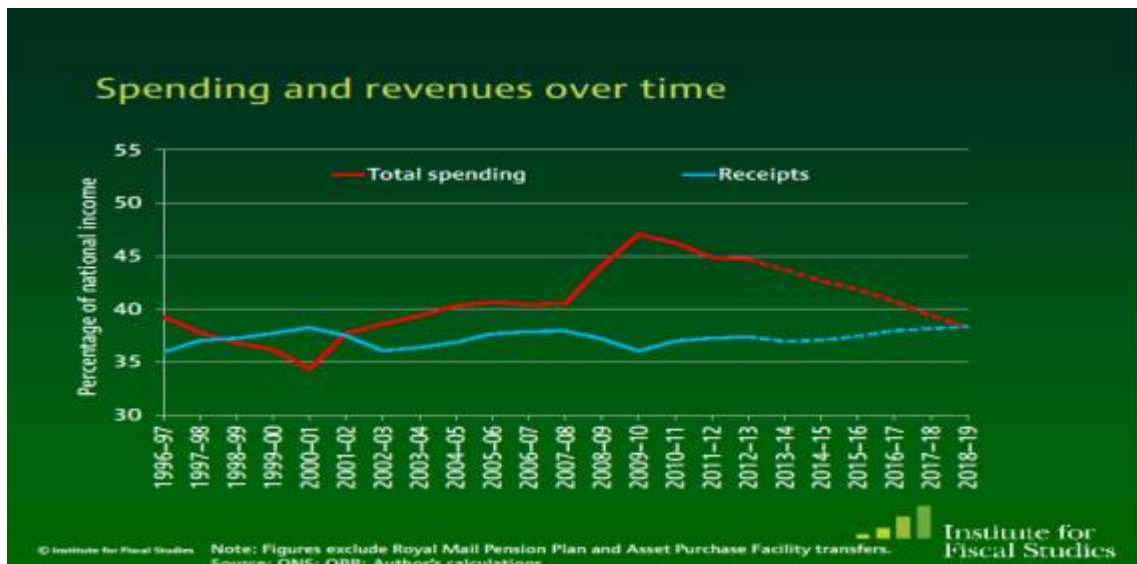
3.2.2 The UK economy has returned to growth. In 2014 the annual growth in Gross Domestic Product (GDP) was 2.4%. This is the fastest rate of growth since the financial crisis in 2008 and the introduction of austerity measures in 2010. This growth is expected to continue in 2015 with a survey of 25 independent forecasters compiled by the Office for Budget Responsibility projecting growth at 2.6%.

3.2.3 The graph below from shows the quarterly growth increase (left hand axis) and total GDP (right hand axis) over the past 10 years. The impact of the financial crisis and recession in 2008/09 is clearly evident. However, since 2013 the economy has grown consistently each quarter and the total level of GDP has risen above pre 2008 levels. This is extremely positive news for the UK economy.



Source: Office for National Statistics

3.2.4 The UK economy is still operating with an annual deficit and the Government has stated its commitment to a balanced budget by 2018, although some commentators are suggesting it could be 2020. Due to the depth of the downturn this is longer than previously envisaged. The graph below from the Institute of Fiscal Studies (IFS) shows how the UK income receipts could increase and public spending is likely to continue reducing over the next 5 years.



## Local Government Challenges

- 3.2.5 As announced by Government in their Budget and Autumn Statement during 2014 the austerity measures for the public sector, including Local Government will continue until at least 2018. Since 2010 Government funding for local government has reduced by approximately 40% in real terms. Although there are no official allocations for local government for the period 2016-2020 intelligence is suggesting that Government funding will reduce at a similar rate to that seen in the last five years.
- 3.2.6 In addition to the continuing austerity measures councils have implemented significant changes to Government policy, including the localisation of council tax support, technical reforms to council tax discounts & exemptions, keeping council tax increases to a minimum and Business Rates Retention Scheme. During 2015 universal credit will continue to be rolled out across the country and it is anticipated there will be continued reform of the welfare system.
- 3.2.7 From these changes it appears that Government are moving slowly away from the previous needs based funding of the old formula grant, towards a system where councils are rewarded for growth in house and business numbers. For example Revenue Support Grant (RSG) is forecast to reduce at significant rates over the medium term and is therefore unlikely to be a primary source of funding for the Council in the future. It is being replaced by New Homes Bonus and Business Rates Retention, both of which reward those areas which can promote and deliver growth.
- 3.2.8 However, with a general election in May 2015 there is a lot of uncertainty about how this will impact on local government funding. Latest intelligence suggests all the main political parties are signed up to reducing the annual deficit in the UK finances. Where the parties differ is likely to be about how monies within local government are allocated. One area of funding that could come under close scrutiny post the election is New Homes Bonus. Another challenge facing local government is the continued impact of an increasing elderly population and the associated pressures on social care and health services. This may lead to a redistribution of monies, albeit over time, of local government funding. All of these changes present significant risks, as well as opportunities, to the Council over the period of its Medium Term Financial Plan.

## **Northampton Challenges**

- 3.2.9 As noted above the Council faces significant external challenges that it will need to manage over the medium term. Over the past three budget planning rounds the Council has implemented a financial strategy which addressed a number of specific financial challenges faced by the Council.
- 3.2.10 Over this period the Council has made good progress in delivering its Medium Term Financial Plan. The primary areas being:
- Delivery of revenue budget savings and operating within its revenue budget for 2014/15; and
  - Changes in terms and conditions and a senior management restructure.
  - The transfer of support services to LGSS which is expected to deliver substantial savings over the next five years.
  - The creation of Northampton Partnership Homes to manage the Council's housing stock.
  - Investment in the town centre to encourage economic growth, for example improvements to Abington Street, Guildhall Road and the Greyfriars area.
- 3.2.11 There are still a number of actions that need to be delivered in the future given the increasing revenue funding pressures that, as noted above, look set to continue into the medium to long term.
- 3.2.12 In addition to the existing externally driven funding pressures, there are additional calls on Council funding to implement schemes and provide loans in order to promote and enhance the local economy and allow a sound base for future economic growth. The success of this strategy could lead to additional revenue funding becoming available to the Council in the future form of retained growth through Business Rates Retention Scheme and funding arising from the building of new dwellings through the New Homes Bonus grant, however this does give rise to additional pressures in the short to medium term.

## **3.3 Medium Term Financial Plan 2015/16 to 2019/20**

- 3.3.1 The Medium Term Financial Plan is a key part of ensuring the Council's future. The approach during the 2015/16 budget planning round has been to update the previous year's plans for any changes to assumptions, local policy changes, national policy changes and known risks. This has then been used as a basis to identify savings requirements for the years 2015/16 to 2019/20.



## Risks and Mitigations

### 3.3.2 General Fund Revenue

- a) There are £2.5m of savings to be achieved in 2015/16 onwards; those currently identified are itemised in the budget report at appendix 5. Specific ones of notes are:

- Service reviews and implementation of 2014 employee cost review of £2.2m.
- Review of information and advice services £200k.
- Reduction in contribution to JPU £91k.

The risk of delivery of these will be mitigated through the use of a budget tracker to monitor progress; outputs from this will be regularly reported to Management Board and senior councillors.

- b) A number of significant reviews will be undertaken or implemented during year. These include:

- Print unit;
- Strategic Housing & Wellbeing

The risk of delivery of these will be mitigated through the use of a tracker to monitor progress; outputs from this will be regularly reported to Management Board and senior councillors

- c) The Council has created Northampton Partnership Homes to deliver the Council's landlord function. This is being financed through a management fee paid by the Council to NPH. There are a number of general fund activities provided directly (eg certain housing responsibilities such as Housing Choice) and indirectly through recharges (eg grounds maintenance) by NPH. There is a risk of financial implications to the Council arising from planned work streams to review areas recently transferred to NPH, including grounds maintenance.

The risk of this is mitigated through the governance structures and the involvement of the Chief Finance Officer and his representatives in those governance structures. This will include regular meetings between the Chief Finance officer and NPH Finance Director.

- d) Through the Business Rates Retention Scheme, the Council retains a proportion of the net growth outside the Waterside Enterprise Zone for its own purposes. There is a risk that the forecasts of this business rates growth may not be achieved resulting in lower revenue streams than anticipated. Since the introduction of the Business Rates Retention Scheme in April 2013 the Council has experienced significant volatility in its business rates baseline, primarily due to business appealing against their Rateable Value (RV). As a result the Council's baseline business rates yield has reduced by around 10%. It should also be noted for 2015/16 onwards there has been a change to the composition of the Northamptonshire business rates pool. This Council is no longer part of the pool, but has protected its financial interest to benefit from the benefits of pooling as if it was a member of the pool.

This risk is mitigated through the inclusion of a prudent risk assessed level of business rates being incorporated into medium term plans. The Council has in place intelligence gathering and information sharing between planning, revenues & finance combined with more detailed modelling of future projections including risk and sensitivity analysis. The Council also works closely with members of the Northamptonshire business rates pool to ensure the benefits are maximised on an annual basis.

- e) Through the Business Rates Retention Scheme, the Council retains all the growth from the Waterside Enterprise Zone which is earmarked (through a memorandum, of understanding) for use on South East Midlands Local Enterprise Partnership (SEMLEP) priorities. There is a risk that the forecasts of this business rates growth may not be achieved resulting in lower revenue streams than anticipated; this risk affects Northampton Borough Council via some of the loans to improve Enterprise Zone Infrastructure whereby the funding of principal and interest repayments are expected to come from business rates uplift; if this uplift does not occur, the responsibility for repayment remains with the Council.

This risk is mitigated through modelling of business rates uplift on a site by site basis. The Council has in place intelligence gathering and information sharing between planning, revenues & finance combined with more detailed modelling of future projections including risk and sensitivity analysis. However, it should be noted this risk is unlikely to materialise until after the end of our MTFP period.

- f) Business rates revaluation is planned for 2017 in England and Business Rates Retention Scheme rebasing is planned by 2020. Both of these could impact on projected business rates growth and have a consequent effect on Council revenues.

The risk of these impacts is medium term and is mitigated as per d) above and will be mitigated through liaison with the Valuation Office and monitoring developments in this area.

- g) Impact of budget proposals from other local authorities and partner organisations. Budget pressures are being faced by the County Council and their savings options include changes that are likely to impact on our financial position. An example of this is a proposal in the County Council budget to reduce the cost of waste by £7m. There maybe knock on impacts of options to deliver this proposal on this Council's waste budget.

This risk is being mitigated through close working and joint meetings, at a member and officer level, with the County Council. An earmarked reserve has been incorporated into the budget to manage any possible financial risk.

- h) There are some services which historically have had higher levels of financial risk associated with them, including car parking and waste contract.

There is now reduced risk relating to car parking income due to using improved data for producing improved financial forecasting; the costs of the waste contract are being continually monitored and contract risks dealt with through the contract management team.

### 3.3.3 General Fund Capital

- h) There are a large number of high profile capital schemes to deliver over next two years.

The Capital Programme Board set up in 2014 has introduced a more systematic approach to governance, capital planning and managing schemes through their lifecycle.

- i) There is significant capital investment relating to investment in improved infrastructure in the Enterprise Zone. Initial funding of this is from various sources including the Growing Places Fund; repayment of the funding is reliant on business rates uplift.

This risk is managed as per e) above.

### 3.3.4 Housing Revenue Account

- j) An area under annual review is recharges between the General Fund and Housing Revenue Account. There is a risk of additional costs falling in the Housing Revenue Account arising from this review.

Any additional costs will be built into the HRA 30 year business plan and the overall finances will managed within that context.

- k) The Council has created NPH to deliver the Council's landlord function, plus other housing functions. NPH is funded by a Management Fee from the Council. The Management Fee is the financial representation of the Management Agreement between the two parties and has been sub divided into six component parts. As with any new organisation there are risks, one risk worthy of note from a financial perspective is that the budgets are not allocated correctly between the components elements of the Management Fee.

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

- l) Due to historic reasons around 5,000 homes in the Council's property stock of 12,000 have rents which are under the target level set by Government. The "cost" to the Council is around £400k per annum.

The Council is moving towards the target level of rents as properties become vacant.

### 3.3.5 Housing Revenue Account - Capital

- m) There are a large number of high profile capital schemes to deliver over next two years, including the improvement of council housing upto the Decent Homes Standard and Northampton Standard.

The Capital Programme Board set up in 2014 has introduced a more systematic approach to governance, capital planning and managing schemes through their lifecycle.

- n) There are specific rules the Council must adhere to with regard to monies generated from Right to Buy receipts. One of these is the need to spend these receipts within a set timeframe. The Council currently has around £3m of these at present, but doesn't have a clear plan about how these will be spent. There is a risk the Council will have to repay these to Government if it does not spend them within the required timeframe.

To mitigate this risk the Director of Regeneration, Planning and Environment is working closely with the housing teams (NPH and Strategic Housing) to determine a plan for optimising the use of these receipts.

### 3.3.6 Treasury Management

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

Risks are fully assessed and loan agreements put into place to mitigate the risks including proposed repayment schedules; interest rates are charged on the loans to mitigate state aid implications.

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

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

## **Delivering the Medium Term Financial Plan**

- 3.3.7 The medium term financial position for the Council continues to show costs increasing at a faster rate than funding. By 2019/20 there is projected to be a £7.1m gap between expenditure and income and this could get wider over the longer term using current projections.
- 3.3.8 The primary reasons for the gap are increasing employee costs (pay awards, national insurance changes and pension contributions), pressures arising on maintaining the current levels of the performance on external contracts and reducing funding from government (Revenue Support Grant is expected to reduce by 90% over the 5 year period).
- 3.3.9 The Council will need to be mindful of this position when making strategic and policy decisions in the future. Mitigating factors for this could be around increasing revenues through the Business Rates Retention scheme by growth in the number of businesses in the borough, although there are risks around this as noted above, and will be by reducing costs by operating more efficiently, effectively and innovatively.
- 3.3.10 The Medium Term Financial Plan requires a number of key deliverables to be achieved and implemented in order to achieve a stable and sustainable financial position for the Council. Key deliverables include implementing savings plans, identifying further savings, selling assets and increasing revenues by encouraging more businesses into the borough. This will need to be managed against a backdrop of anticipated further significant change within the Local Government sector. To ensure delivery the Council is advised to ensure that:

- project teams and boards are established to deliver the savings and investment programmes, and that these teams/boards are resourced to the right level, including an appropriate level of finance resource.
- money used to support these programmes must be on an invest to save basis, with clear criteria and expectations of return.
- progress against savings plans are regularly monitored, with variances and any mitigating actions reported.
- members take future decisions that support the aim of maintaining a financially stable and sustainable Council.

### **3.4 Revenue Budget 2015/16**

#### The Financial Position

3.4.1 The revenue budget 2015/16 is the first year of the Council's five year Medium Term Financial Plan. The budget has been developed using a robust process with officer and member involvement.

#### Budget Process

3.4.2 An important feature of the budget process is that Directors and Heads of Service are responsible, with the support of finance staff, for the preparation and determination of their income and expenditure estimates. The active involvement of Directors and Heads of Service in determining their spending plans and income generation estimates ensures ownership of the budget and that the officers responsible for delivery of the services are happy that financial targets are achievable. During the 2015/16 budget setting cycle, all items within the base budget have been scrutinised and any changes to the figures submitted have only been incorporated with the acceptance of the Directors and Heads of Service. The Council's Management Board have discussed and reviewed the budget on a regular basis throughout the process. In addition there have been weekly meetings between the Leader, Cabinet Member for Finance, Chief Executive and Chief Finance Officer to steer the budget process.

3.4.3 Councillors have been involved in the budget process through the Overview and Scrutiny Committee, who have investigated and challenged the proposals and Audit Committee who conducted a risk review of the budget proposals.

#### Budget Proposals

3.4.4 The budget includes £2.5m of savings, delivery of which will need to be managed.

#### Council Tax

3.4.5 Freezing the Council tax has been a key policy objective for the Government and there is to be a Council Tax Freeze Grant for the fifth year running. There is a grant equivalent to 1% of Council Tax payable for next financial year only. It is available for councils freezing or reducing Council Tax in 2015-16.

3.4.6 The Government has stated Council Tax Freeze Grants will be incorporated into the baseline for future funding settlements. The MTFP assumes it is included in base funding in future years.

- 3.4.7 The Budget 2015/16 and MTFP 2015/20 has recommended a Council Tax freeze in each year. This will need to be reviewed on an annual basis in light of the financial position of the Council and in response to the threshold set by Government to trigger a referendum.

### Council Tax Support

- 3.4.8 Council Tax Benefit reforms were put in place from April 2013 which provided for decisions on benefits to be made at a local level. These reforms did, however, come with a target reduction of 10% in the overall benefits bill. This has been a challenge for local authorities with a number of previous Council Tax Benefit claimant categories exempt from the reduction, and hence there has also been a need to take advantage of flexibility around Council Tax discounts. As the funding for CTS has been incorporated into the wider local government finance settlement there is little transparency over how much this funding has reduced for each council. However, it can safely be predicted the funding has reduced in line with the wider government funding changes. There was a likelihood that there would be an impact on collection rates as well as general uncertainty in the first year of the new arrangements. Collection rates have actually held up better than anticipated and the council is continually reviewing its scheme on an annual basis to ensure it is financially neutral.

## **3.5 Draft Capital Programme 2015/16 to 2019/20**

- 3.5.1 Historically the Council's General Fund Capital Programme has been funded from capital receipts, capital grants, prudential borrowing financed from service revenue savings and prudential borrowing that is affordable within the overall revenue position. This remains largely the case, although New Homes Bonus income is now also being used to finance regeneration and economic growth related projects.
- 3.5.2 Over the period of the Medium Term Financial Plan, the General Fund Capital Programme is projected to be financed from £8m capital receipts. There are risks around the delivery of this level of capital receipt. Progress on the achievement of this level of receipt will therefore be closely monitored through the Corporate Asset Board, with any amendments to capital programmes and financing through the Capital Programme Board.
- 3.5.3 There is £7.5m of funding provided through the, Growing Places Fund and Local Infrastructure Fund which is to be repaid from the Enterprise Zone business rate uplift; risks around the repayment of this are being managed as per 3.3.2 e) above.
- 3.5.4 The Housing Revenue Capital Programme is funded within the context of overall Housing Revenue Account resources and in line with the stock condition survey and the HRA 30 year business plan. Where there are changes in the overall resources available to the HRA, the capital plans are amended accordingly. In this context there is not a high financial risk relating to HRA capital expenditure, however significant reductions in capital investment would impact heavily on service delivery and put delivery of landlord obligations at risk.

### 3.6 Treasury Management Strategy 2015/16

- 3.6.1 The Council's Treasury Management Strategy has been updated to reflect the latest borrowing requirements of the capital programme, latest interest rate forecasts and updated for the credit criteria to reflect the changing banking environment whilst ensuring the security of the Council's investments continues to be maintained.
- 3.6.2 Forecasting the Council's future short term borrowing and lending costs is always a challenge, but even more so in the current climate of economic volatility and uncertainty. Nevertheless the Treasury Management budget does reflect the capital financing costs to support the approved capital programme and rates of return on investments at this time. The base rate is forecast to remain at its historical low further into the medium term and the budgets will be regularly monitored.

### 3.7 Forecast Reserves and Balances

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

#### Minimum Levels of Working Balance

- 3.7.2 The risk assessed minimum level of balances for 2015/16 is £4.9m, the same level as in 2014/15. The risk assessed minimum level of balances is expected to remain at this level in 2016/17.
- 3.7.3 The underlying minimum level of working balance necessary to mitigate against short to medium term risks will be reviewed, along with the levels of earmarked reserve, on an annual basis.

#### Use of Earmarked Reserves

- 3.7.4 There is a net contribution to earmarked reserves within the 2015/16 revenue budget of £2.298m. This is made up as follows: -

	£m
Early delivery of savings for 2016/17	1.964
New Homes Bonus (NHB) receivable in 2015/16	3.835
Use of NHB in 2015/16	-3.501
Net Contribution <u>to</u> earmarked reserves	<u>2.298</u>

- 3.7.5 New Homes Bonus receivable in year, in line with previous years, is transferred into earmarked reserves. Regeneration, economic development schemes and funding of initiatives in the general fund revenue budget to the value of £3.501m have been identified to be funded from the NHB earmarked reserve.

3.7.6 To assist in managing risks in the budget the Future Budget pressures earmarked reserve has been increased to £1.6m to reflect uncertainties in delivering savings proposals and potential impact of budget proposals from other councils/partners.

3.7.7 In recognition of the future General Fund revenue pressures, rising to a budget gap of £7.1m in 2019/20, an earmarked reserve of £3.1m for Strategic Investment has been established by using monies from the previous Invest to Save reserve and the net contribution to reserves from the 2015/16 budget. The use of this reserve will be based on strict criteria linked to a business case and will require sign off by the Chief Finance Officer and the Cabinet Member for Finance. The reserve will only be used for projects which contribute overall to closing the projected budget gap in the short to long term. It is expected such projects will have either a clear return on investment and/or provide the Council with an asset that would have a strategic benefit for the Council in the future.

### **3.8 Conclusion**

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

3.8.2 However, it should be noted:

- Whilst risk does exist the estimates are robust both in respect of the underlying assumptions and the future deliverability of potential reductions.
- From a Chief Finance Officer perspective there is always a desire to have a high level of reserves to protect against the unknown. However, against the backdrop of reduced public finances, the need to protect service, especially the most vulnerable in the community and provide investment for future growth the level of reserves is currently considered adequate.
- That the Council faces significant financial pressures, particularly in its General Fund Revenue Budget where a potential 25% pressure exists, over the medium term. Over this period the Council must ensure it takes the necessary action to ensure a continued stable and sustainable financial position is maintain.

### **3.9 Choices (Options)**

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



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

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### **4.1 Policy**

- 4.1.1 The revenue and capital budgets are set in support of the Council's priorities and in order to do this effectively, the calculations used within the budgets must be robust; this report demonstrates that, in the opinion of the Chief Financial Officer, the budgets for 2015/16 are robust within the parameters outlines in this report.
- 4.1.2 Protecting the Council's medium to long term financial position and ensuring adequate provision for reserves allows the Council to continue to deliver services in line with its priorities.

### **4.2 Resources and Risk**

- 4.2.1 The report is of a financial nature by its nature considers risk management from a financial perspective.

### **4.3 Legal**

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

### **4.4 Equality**

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

### **4.5 Other implications**

- 4.5.1 Internally heads of service and budget managers have been consulted, and Management Board has carried out a detailed challenge of the budget with Members. Cabinet will also be recommending the budget plans to Council at its meeting on 18<sup>th</sup> February 2015..
- 4.5.2 The draft capital and revenue budgets were subject to public consultation and the HRA budget was presented to tenants on 4<sup>th</sup> February 2014.
- 4.5.3 Consulting on the draft budget is a key ingredient of effective financial governance, which contributes to the priority of making every pound go further.

## **5. Background Papers**

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- 5.1 General Fund Budget Report
- 5.2 HRA Budget Report
- 5.3 Treasury Management Strategy Report

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