

NORTHAMPTON BOROUGH COUNCIL



COUNCIL

Monday, 29 February 2016

YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON MONDAY, 29 FEBRUARY 2016 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 25th January 2016.

3. APOLOGIES.

4. MAYOR'S ANNOUNCEMENTS.

5. PUBLIC COMMENTS AND PETITIONS

6. CORPORATE PLAN

(Copy herewith)

7. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES REPORT.

(Copy herewith)

8. GENERAL FUND REVENUE AND CAPITAL BUDGETS 2016/17

(Copy herewith)

9. HOUSING REVENUE ACCOUNT- RENT SETTING, REVENUE AND CAPITAL BUDGETS 2016/17

(Copy herewith)

10. COUNCIL TAX 2016-17

(Copy herewith)

11. 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 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

Tel 01604 837722

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

MINUTES

OF THE PROCEEDINGS OF A MEETING OF NORTHAMPTON BOROUGH COUNCIL HELD AT THE GUILDHALL, NORTHAMPTON, ON Monday, 25 January 2016 AT SIX THIRTY O'CLOCK IN THE EVENING

PRESENT: HER WORSHIP THE MAYOR Councillor Flavell (in the Chair).

COUNCILLORS: Malpas, Ansell, Ashraf, Aziz, Beardsworth, Birch, Bottwood, Cali, Caswell, Choudary, Chunga, Davenport, Duffy, Eales, Eales, Eldred, Golby, Hadland, Hallam, Haque, Hibbert, Hill, Kilbride, King, Lynch, Markham, Marriott, McCutcheon, Meredith, Nunn, Oldham, Parekh, Patel, Russell, Sargeant, Smith, Stone and Walker

1. DECLARATIONS OF INTEREST

Councillor Hadland declared a personal non pecuniary interest in Item 14 as a Trustee of the Sir Thomas Whites' Northampton Charity and Henry and Elizabeth Lineham Fund.

Councillor Birch declared a personal non pecuniary interest in Item 8 – Opposition Group Business as a Director of Community Spaces, Northampton.

Councillor Meredith declared a personal non pecuniary interest in Item 6 as an allotment holder.

2. MINUTES.

The minutes of the meeting held on the 14th December 2015 were agreed and signed by the Mayor.

3. APOLOGIES.

Apologies were received from Councillors Culbard, Gowen, J Hill, Larratt, Lane and Shaw.

4. MAYOR'S ANNOUNCEMENTS.

The Mayor announced that on Christmas day, she had visited the Gosset Ward at the Northampton General, a neonatal intensive care unit caring for new-born babies who require some form of special high dependency or intensive care nursing.

The Mayor informed Council that on the 19th January 2016 she had attended the football match between Mk Dons and Northampton Town at Stadium:uk.

On the 22nd of January 2016, the Mayor explained that she had delivered a short speech to the University of Northampton to mark Holocaust Memorial Day. The Mayor went on to invite all Councillors to a short civic ceremony to be held in the

Courtyard on the 27th January 2016 at midday which would be followed by an evening event at 6.30pm in the Great Hall.

The Mayor reminded Members that her fashion show was planned to be held on Thursday 10th March in the Great Hall at 7pm to raise money for the Mayors Charity and tickets were due to be released soon for just £10 each.

The Mayor congratulated the Deputy Mayor on his recent wedding and wished them future happiness together.

5. PUBLIC COMMENTS AND PETITIONS

Councillor Stone spoke on behalf of residents and congratulated them on their continued hard work.

Lisa Bradshaw spoke as a resident of Vernon Walk on the Bouverie Estate and commented that parking in the area was a big concern to local residents. She also submitted a petition on the matter. She described how visitors and staff at the hospital were parking on residential streets which was exacerbated parking issues further by parents parking to drop children off at the local school. She commented that there were 2 NBC owned carparks in close proximity that were under-occupied when residents were struggling without yellow lines of resident permits.

Beverley Mennell commented that the recent news events with regards to flooding had been a concern to her and asked that a plan be put into place should Northampton be at threat of flooding and asked that the river Nene be dredged. She went on to congratulate the Cabinet Member for Housing for cracking down on rogue landlords and improving private sector housing for residents.

Arthur Newbury commented that there were many abandoned shopping trollies around the Town which was a blot on the landscape and asked the Council to push for an agreement, potentially through the introduction of a new bye-law to ensure the supermarket chains collect their trollies.

Kathy Webster stated that she had been a resident of Tower Hill Close for a number of years but that recently the street lights had been turned off due to the fact the road had not been adopted. She stated that it had left residents feeling unsafe and vulnerable and commented that residents had paid their council tax and yet, due to their road not being adopted, were not receiving value for money.

Tony Mallard commented that John Mallard OBE had been born in Northampton before moving to Edinburgh where he was Professor of Medical Physics at the University of Aberdeen from 1965 until his retirement in 1992. He is known for his and his colleague's work in the development of radionuclide imaging, magnetic resonance imaging (MRI) and, in particular, positron emission tomography and it was requested that Northampton acknowledged his work.

6. MEMBER AND PUBLIC QUESTION TIME

The Mayor advised that 11 questions had been received from Councillors and members of the public and that the answers had been tabled in accordance with the Constitution.

Questions and answers given were as tabled (included in an updated agenda on the website) unless states, supplementary questions were asked – detailed below:

In response to a supplementary question asked relating to question 5, Councillor Eldred stated that there were currently no plans for Delapre Alive returning.

In response to a supplementary question asked relating to question 6, Councillor Hadland confirmed that he was unhappy that a development on the fringe of Northampton Borough could build a development with no affordable housing.

In response to a supplementary question asked relating to question 8, Councillor Bottwood stated that he would look at getting the postcodes of housing estates next to allotments advertised on allotment notice boards to ensure that the emergency services can locate people.

7. CABINET MEMBER PRESENTATIONS

The Leader of the Council submitted her Cabinet Member report and elaborated thereon. It was noted that the Secretary of State for Communities and Local Government announced the draft Local Government Settlement for consultation on the 18th December 2015 and is a key document to implement the latest Comprehensive Spending Review. She noted that there was a need for the County Council to also, but they were not in a position to know what combined savings would be. It was noted that there were ongoing criminal investigations into the Sixfields loan and an audit of it would also be undertaken by KPMG. The Leader informed Council that on the 29th January 2016 she would be taking part in the Big Sleep-Out, which would be raising funds for Northampton Hope Centre and informed Members that Councillor James Hill and Councillor Eldred would also be taking part and urged everyone to donate and raise awareness.

In response to questions asked, the Leader stated that she would consider the social impacts of cuts to services as well as the financial ones and outlined the services that had already been transferred to the One Stop Shop, such as Credit Union. She confirmed that a recent Audit and Cabinet report had outlined the ongoing costs of the loan to NTFC and that this had been made available to the public at public meetings and therefore open and transparent. The Leader confirmed that there was a budget for training members and that this was also applicable to Audit members. She shared concerns about the budget impact on the County Traveller Unit but explained that there were ongoing discussions to discuss the County Council cut to the Unit.

Councillor Hallam submitted his Cabinet Member report and noted that the consultation on the draft Budget 2016/17 was well underway and there had been some positive contributions during that time. In response to questions asked, Councillor Hallam explained that people who were suffering from hardship or were not managing their finances well were being referred to the One Stop Shop for debt management advice which would contribute to people managing and maximising their incomes.

Councillor Hadland submitted his Cabinet Member report and elaborated further by stating that the footfall and car parking usage had increased over the Christmas period. It was noted that St Giles Street had won the Best British High Street and that a meeting was planned with the owners of buildings on Gold Street to look at improving the appearance of some of the buildings on the street. Responding to the concerns raised by the submitted petition, Councillor Hadland commented that NBC were not the responsible authority for on street parking issues but stated that he would look at the usage of the Borough Council owned car parks. In response to questions asked, Councillor Hadland explained that all the proceeds from the sale of Sekemkha was still with the Council. He explained further that the Fish street premises had been marketed and a sale agreed. He further concurred with comments from Councillor M Hill that the gateways into Northampton all needed to be aesthetically pleasing.

Councillor Hibbert submitted his Cabinet Member report and explained that on the 5th February 2016 a workshop would be held to inform the development of Northampton multi agency Rough Sleepers Strategy. It was noted that in December 2015 the Council had hosted 4 focus groups to get the views from a wide range of stakeholders to feedback on the Council's new approach to regulating private sector housing. In response to questions asked, Councillor Hibbert explained that when examining the number of homelessness cases, the cause and the demographics would be looked at. He further explained that there had been no Council houses built as they were still waiting for planning permission but there would be 100 built once permission had been granted. He also explained that the establishment of a Social Lettings Agency would help those who were in receipt of benefits.

Councillor Bottwood submitted his Cabinet Member report and stated that he concurred with the views expressed by Mr Newbury and commented that any abandoned trollies identified by the Council would result in the supermarkets being contacted by the Council. He reported that over the weekend of the 4th -6th March 2016 a monumental litter pick would be carried out supporting members and members of the public in tidying areas to make the Town more pleasant. In response to questions asked Councillor Bottwood explained that he would be happy to meet with Councillor Meredith outside the chamber to discuss concerns relating to the lake at Thorplands. He also informed members that should they require a schedule for weeding, he would pass the information on to them.

Councillor King submitted her Cabinet Member report and commented that the crime figures were not dissimilar to those of the previous year. It was noted that there had been a Hate Crime Consultation at Wootton Hall and the Pensioners Forum had enjoyed a day trip to the Houses of Parliament.

At this point of the meeting, the Mayor advised that the 45 minutes allocated to Cabinet Member Presentations had been reached.

8. OPPOSITION GROUP BUSINESS

Councillor Birch stated that the Labour Groups' vision was for a fair and diverse community. She questioned how the administration was going to achieve this during the time of austerity. She commented that Local Government was very much affected by cuts to the budgets and suggested that it was the poorest people in society were being hit the hardest, especially the vulnerable. She noted that the cuts that the County Council had to make would result in the Borough having to act as a buffer to help those most affected people who would experience severe cuts to services that they relied on; cuts to bus services affecting elderly people, resulting in isolation. Cuts to Youth services, which would result in an increase in the numbers of young people who are disengaged. She noted that voluntary groups were doing a lot to help, but that fundraising during times of austerity posed its own problems. She went on to note that she considered there to be more robust partnership working and a need to build resilience.

Councillor Eldred responded by stating that the administration were dedicated to working with people in the Town and explained that each Member of the Council were given £3000 to spend on various causes to improve the lives of residents and groups. He further stated that there was continued work with various groups and agencies to improve the lives and conditions of disadvantaged people and work was also being carried out by numerous parish Councils to promote and provide children's activities.

Councillor Birch commented that she was delighted with some of the work that was being carried out and the supportive comments from Councillor Eldred but reported that she was concerned about the future faced by some residents,

9. STATEMENT OF LICENSING POLICY

Councillor Sargeant submitted a report that sought approval for the Statement of Licensing Policy, following the five yearly review required by the Licensing Act 2003 to be adopted.

Councillor M Hill seconded the report.

Councillor Stone reported that she had objected to the Sex Establishment Venues being in the town centre, close to areas with faith buildings and schools during the consultation. She therefore withdrew from the meeting before the debate ensued.

Councillor Sargeant commented that no objections had been submitted by the Police.

RESOLVED:

That the Policy attached to the report be approved for publication as the Council's Statement of Licensing Policy under Section 5 of the Licensing Act 2003 for the five year period commencing 1st February 2016

At this point of the meeting, Councillor Stone re-joined the meeting.

10. COUNCIL TAX REDUCTION SCHEME

Councillor Hallam submitted a report that sought Council's approval of the proposed amendment to the Local Tax reduction scheme from a 21% reduction in support in 2015/16 to a 29% reduction in 2016/17.

Councillor Patel seconded the report.

Councillor Beardsworth questioned how and why the administration could justify expecting the poorest in society to pay more and reported that they had a social responsibility to look after the most disadvantaged and vulnerable and stated she was opposed to the report.

Councillor Stone commented that the Administration should not champion that they have frozen Council Tax as this was in effect a rise in Council Tax for some people.

Councillor Davenport stated that she had been alarmed by the effect the amendment would have on people.

Councillor Meredith expressed his disappointment with the proposed amendment and stated that he lived in area that was affected by poverty and that this would further exacerbate and create hardship for the poorest.

Upon a requisition for a recorded vote;

There voted for the recommendation: Councillors Ansell, Aziz, Bottwood, Eldred, Golby, Hadland, Hallam, Hibbert, M Hill, Kilbride, King, Lynch, Malpas, Markham, Nunn, Oldham, Parekh, Patel, Sargeant and Walker.

There voted against the recommendation: Councillors Ashraf, Beardsworth, Birch, Cali, Choudary, Chunga, Davenport, Duffy, G Eales, T Eales, Haque, Marriott, McCutcheon, Meredith, Russell, Smith and Stone.

There abstained the Mayor.

RESOLVED:

That the recommendation contained in the Cabinet report attached to the agenda be endorsed no later than the 31st January 2016

11. COUNCIL TAXBASE

Councillor Hallam submitted a report that sought the approval of the tax base for 2016/17.

Councillor Patel seconded the report.

Councillor Stone commented that the freeze on Council Tax affected the worst off in

society rather than the wealthy and suggested it was not financially prudent nor did it protect citizens.

RESOLVED:

That Council approve the tax base for 2016/17 at 64,357.94 Band D equivalent properties and associated parish tax bases within this report.

	2016/17	2015/16
Billing	2,626.96	2,506.72
Collingtree	513.97	506.88
Duston	5,447.94	5,358.06
Great Houghton	287.50	284.39
Hardingstone	782.38	761.18
Upton	2,617.14	2,181.34
Wootton, Wootton Fields & Simpson Manor	2,927.45	2,889.67
East Hunsbury	3,412.11	3,368.24
West Hunsbury	1,624.70	1,602.17
Hunsbury Meadow	505.36	489.23
Northampton (Unparished)	43,612.52	41,978.93
Total tax base	64,357.94	61,926.81

12. CHANGES TO OUTSIDE BODIES AND CONSULTATION APPOINTMENTS

The Mayor advised that the report was no longer needed and asked for Council to agree that the Item be withdrawn.

RESOLVED:

That the Item be withdrawn.

13. APPOINTMENTS OF NOMINATIVE TRUSTEE - THE CHARITY OF HERVEY AND ELIZABETH ELKINS

Councillor Markham submitted a report which sought Council's approval to appointment a person to the Charity of Hervey and Elizabeth Ekins. She thanked Mrs Greenwell for her long service to the charity and proposed that Councillor Larratt be appointed.

Councillor Patel seconded the report.

RESOLVED:

That Council appointed Councillor Larratt as a Trustee to the Charity of Hervey and Elizabeth Elkins to replace Mrs Margaret Greenwell as Northampton Council's representative.

14. APPOINTMENTS OF TRUSTEE - SIR THOMAS WHITE'S NORTHAMPTON CHARITY AND HENRY AND ELIZABETH LINEHAM FUND

Councillor Markham submitted a report that sought Councils approval for the appointment to the Charity of Sir Thomas White's Northamptonshire Charity and Henry and Elizabeth Lineham Fund.

Councillor Patel seconded the report.

RESOLVED:

That Mr Mike Wilkinson and Councillor Anna King be appointed to the Sir Thomas White's Northampton Charity and Henry and Elizabeth Lineham Fund as Northampton Borough Council's representative.

15. REPORT OF THE LOCAL GOVERNMENT OMBUDSMAN

Councillor Markham submitted a report that informed Council of the findings by the Local Government Ombudsmen (LGO) of fault causing injustice in respect of a complaint made by a member of the public.

Councillor Hadland seconded the report.

Councillor McCutcheon commented that to be found at fault on any issue by the LGO was a serious matter, but on four different accounts was shocking. He commented that there needs to be a demonstration that there was no prejudice and an informal code was needed to ensure better mechanisms to prevent any further findings.

Councillor Beardsworth commented that she would have liked the report to have been reported back to the Planning Committee and expressed her concern at the findings.

Councillor Meredith echoed the concerns of Councillor McCutcheon.

Councillor Hadland commented that the report and recommendations are concerned with process and stated that the Council valued heritage in the County.

RESOLVED:

Council is recommended to:

- 2.1 That the LGO's finding of fault on the part of the Council causing injustice, as set out in the Report of LGO at Appendix 1 of the report be noted
- 2.2 That the recommendations of the Local Government Ombudsman as set out in the Report of the LGO at Appendix 1 be noted; and
- 2.3 That action taken to date and the further actions proposed in order to

implement the recommendations of the LGO be approved and noted

16. NOTICES OF MOTION

- i) Councillor Beardsworth proposed and Councillor Meredith seconded:

“This Council notes the ongoing problems regarding traffic and capacity at the new bus station and on the Drapery.

Council further recognises the fundamental importance of effective transport links within the town centre.

Council therefore requires a full report on Northampton’s capacity to manage bus and coach services, including expectations of growth over the next 10 years, before any building plans are considered on the Greyfriars site”.

Council debated the motion.

Upon a vote, the motion was lost.

- ii) Councillor Meredith to propose and Councillor Beardsworth to second:

“Council recognises the importance of open spaces to the health and wellbeing of residents.

Council further recognises that the Southfields Sports Field has served this purpose well in its community.

Council therefore recognises Southfields Sports Fields as a park, and will treat it on an equal basis to other parks from this point forward.”

Council debated the motion.

Upon a vote, the motion was lost.

- iii) Councillor Davenport to propose and Councillor McCutcheon to second:

“This Council notes that Northamptonshire County Council is responsible for the adoption of roads in the town.

The problem of roads not being adopted is a real problem for some of our residents.

They have to put up with roads in very poor condition.

This Council asks the Administration to do whatever they can to get the County council to adopt all roads in the town.

When the Administration does discuss these matters with Northamptonshire County Council they advocate a Section 38 agreement which is supported by a bond or cash

deposit. This bond or cash deposit can be called upon if the developer goes into liquidation or otherwise defaults on their responsibilities”.

Councillor Markham then moved and Councillor Hallam seconded; “That the question be now put”.

The motion was carried.

Upon a vote, the motion was lost.

iv) Councillor Ashraf to propose and Councillor Russell to second:

“This Council believes that residents should not be expected to use their living rooms as bedrooms.

This Council also believes overcrowding is a serious problem in some households in our town. Living in overcrowded houses impacts on personal welfare and is particularly detrimental to a child’s education.

This Council further believes the statutory definition of overcrowding is too low and so we need much stronger criteria. This Council notes that the Administration has been looking into this.

This Council resolves to do what it can to help alleviate overcrowding in homes by going beyond our statutory duties. This Council further resolves to fundamentally review the Allocations Policy to ensure residents are not living in overcrowded conditions”.

Council debated the motion.

Upon a vote, the motion was lost.

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

There were none.

The meeting concluded at 9.41pm

Appendices
2



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL
29th February 2016

Agenda Status: Public

Directorate: Chief Executives

Report Title	Corporate Plan (2016 to 2020)
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1. Purpose

- 1.1 The Council’s Corporate Plan (for 2016 to 2020) is attached for approval. It is to be considered and anticipated to be recommended for approval by Cabinet on 24th February 2016.

2. Recommendations

Council is recommended to:

- 2.1 Approve the attached Corporate Plan (2016 to 2020)
- 2.2 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

3.1 Report Background

- 3.1.1 The proposed Corporate Plan and the related report considered by Cabinet on 24th February 2016 are attached.

4. Implications (including financial implications)

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

5. Background Papers

Attachments: Report to Cabinet 24th February 2016; Corporate Plan (2016 to 2020)



Report Title

CORPORATE PLAN 2016-2020

CABINET REPORT

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	24 th February 2016
Key Decision:	NO
Within Policy:	YES
Policy Document:	YES
Directorate:	Chief Executive
Accountable Cabinet Member:	Councillor Markham, Leader of the Council
Ward(s)	Council -wide

1. Purpose

- 1.1 This report seeks the recommendation of Cabinet to Full Council of the Corporate Plan for the four years 2016 to 2020.

2. Recommendations

It is proposed that:

- 2.1 Cabinet recommends to Council on the 29th February 2016 that the draft Corporate Plan for 2016 to 2020 be approved, and that the Chief Executive be authorised to finalise the document and publish this alongside the Council's Medium Term Financial Plan.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Council, as part of its policy and management framework adopts a corporate plan each year. This sets out the context of the future direction of the Council and commitments for action on behalf of the elected Administration.
- 3.1.2 The attached draft Corporate Plan is for the period 2016-2020. The attached plan outlines the key priorities that the Council has over that time period.

Northampton Alive

Safer Communities

Housing for Everyone

Protecting our Environment

Love Northampton

Working Hard and Spending your Money wisely

- 3.1.3 In addition the draft Corporate Plan identifies three Business Development Priorities to drive the Council's efforts to support the delivery of corporate plan commitments and manage the Council's future financial challenge.

Empowering Communities

Economic Growth

Partnership Working

- 3.1.4 Under each of the above priorities, commitments are made to the public of Northampton to progress these priorities.

3.2 Issues

- 3.2.1 The key issue for any Corporate Plan is to ensure that it encapsulates the key points of direction, priority and commitment which the Council wishes to adopt. This draft is intended to do this. Cabinet is asked to advise if anything should be added or subtracted from this plan.
- 3.2.2 The draft plan is the basis for the Council's financial plans for the next four years, showing the priorities for resource allocation and decision-making for the next four years subject to actual delivery and any changing priorities in that time.

3.3 Choices (Options)

- 3.3.1 Cabinet could decide to amend the attached plan and to direct officers and resources in a different direction. Cabinet are requested to advise if this is required.
- 3.3.2 The plan is subject to final confirmation at Full Council on the 29th February.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The draft Corporate Plan encompasses the main policy priorities of the Council and will act as the main corporate guiding document alongside the budget and individual service plans to guide officers.

4.2 Resources and Risk

- 4.2.1 The draft Corporate Plan guides the content of the Medium Term Financial Plan (MTFP) and the deployment of resources therein. Risks are constantly assessed in delivery and management of resources towards plan goals and commitments within the Council risk management framework.

4.3 Legal

- 4.3.1 There are no specific legal implications from this report

4.4 Equality

- 4.4.1 The draft Corporate Plan reflects the Council's commitment to work in an equal and non-discriminatory manner. The Council's equality strategy and monitoring underpins this commitment.

4.5 Consultees (Internal and External)

- 4.5.1 The Leader of the Council and Management Board have been consulted on the draft Corporate Plan and individual commitments have been subject to a varying and wide-ranging amount of consultation, or will be further consulted upon in the future.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 The draft Corporate Plan represents the priorities of the Council and the outcomes which it seeks to address.

5. Background Papers

- 5.1 None.

David Kennedy, Chief Executive, Extension 7726



Securing Northampton's Future

Corporate Plan
2016-2020

Northampton is a growing place. It is growing in its attractiveness to businesses, residents, students and visitors. It is one of the more successful towns in England.

This growth is leading to a transformation in the local economy and in the quality of life offered to everyone who lives in the Borough. Northampton has one of the highest employment levels in the country and also creates more businesses than any other town or city outside London¹. We have some great businesses here and the positive enterprise climate that is provided in Northampton and the opportunities afforded by Northampton Alive, the Enterprise Zone, and other development in and around the Borough give cause for continued optimism about the town's economic performance.

Northampton is becoming ever more a University town, following the founding of the current University just over 10 years ago. The forthcoming move to a new purpose-built campus near the town centre will give the town some of the best and most modern higher education facilities. Already the University is growing in strength as a key focal point for the future of Northampton and with such massive investment this can only continue.

Supporting this growth and establishing Northampton ever more as a place to come and visit and stay and live, the town's cultural offer is also coming forward leaps and bounds. The nationally and internationally renowned Royal and Derngate, with its excellent "Made in Northampton" programme and wide cultural offer, sits at the heart of the growing and exciting cultural quarter. The Errol Flynn Filmhouse, due to expand this year, has been a great success. The development of a new and expanded Museum and Art Gallery offer alongside creative and cultural businesses and quality hotels and food, is driving a renaissance in the attractiveness of Northampton.

Where people live is also changing in Northampton. Not only are new housing developments happening, but the Council is working hard with its partners to ensure that as much as possible of this housing is affordable whilst also working to improve its own housing stock with our new housing partner Northampton Partnership Homes, and working with landlords and others to improve the private rented housing offer in the town. At the same time the health and wellbeing of residents is being promoted through a wide range of initiatives aimed at getting and keeping people healthy and feeling well across the Borough, including through our excellent partner Northampton Leisure Trust.

There is no doubt that Northampton is growing. More people are coming to live here every year. The population is becoming older, with more diverse needs and support requirements. New development brings pressures as well as opportunities, not least in addressing the infrastructure needed to support growth and ensuring that growth works with the grain of Northampton, integrating well with the town as it is. The Council will continue to advocate that growth and infrastructure need to be managed well together if growth is to be successful.

That change also brings a considerable challenge to the doors of the Council and our partners in Northampton and around the county and region. The Council will support positive enhancement of the town and the county. This corporate plan spells out the steps, many of which arise from the manifesto the public voted for just over a year ago, that the Borough Council will take - working with partners - to deliver this vision of a brighter more attractive place for Northamptonians to live, work and play in. Northampton is Alive with enterprise, innovation and opportunity.

This is an inclusive vision for the town. There are exciting opportunities for all here. Public services and their private partners are working together to ensure that the future works for all, whatever their needs or circumstances. Economic, social and community wellbeing go together and should be accessible to all, particularly in tough times. We look to play our role as a Council in ensuring this and we look to our partners and the community at large to

equally perform their role. Comparable to our peer towns we want Northampton to be a positive place to be young or old.

All public services face financial constraint over the coming years. For the Borough Council this means that in 2019/20 we will have a gap in our net General Fund budget of 22% or about £7m compared to this year. We are not alone in this challenge and the Council is committed to ensuring that we plan ahead to manage this downturn whilst still making progress towards the ever better Northampton that we want and the people need.

Doing this means that in addition to looking to support Northampton as a place, support local people in their lives, and deliver key services and projects, the Council must also look to how it can work more cheaply and efficiently to maintain our proud record of balancing the books for the public. This Corporate Plan therefore also spells out the business development priorities of the Council.

We must continue to drive to gain the benefits of growth to develop and provide public services in the future, meeting ambitious targets set out in the latest national financial settlement for local government.

We must further deepen partnership with other organisations, building on our record of combining and sharing with other Councils. Whilst maintaining our community leadership role, we will work to combine the delivery of services wherever that makes most sense for the future.

We must also look to empower and engage communities to ensure that where finance is not available now or in the future communities have sufficient resilience, ability and strength to support and develop themselves with encouragement and facilitation from the Council and our partners.

Plans will be brought forward this autumn for how the Council will use these business development priorities to meet the financial challenge ahead and continue to balance the books going forward.

Nothing in this plan is achievable without the hard work and skills of the Council's workforce. They work constantly to deliver public services in difficult times. They need to be recognised for their efforts and it is our responsibility to work with them to develop a culture which empowers them and enables the Council to continue to improve for the benefit of the public. This culture change programme is a central part of our commitments in this corporate plan.

This is the first corporate plan of this Council administration. Northampton is on the right track. Our plans will further develop over the coming years, but we plan with confident expectation that in difficult times both the public of Northampton and your Council can and will rise to the challenges ahead.

Councillor Mary Markham
Leader of the Council
Northampton Borough Council

February 2016

Our Priorities

The corporate plan priorities are cascaded through all that we do and deliver:

Northampton Alive

- A vibrant successful town for now and the future

Safer Communities

- Making you feel safe and secure

Housing for Everyone

- Helping those that need it to have a safe and secure home

Protecting Our Environment

- A clean and attractive town for residents and visitors

Love Northampton

- Enhancing leisure activities for local people and encouraging participation

Working Hard and Spending your Money Wisely

- Delivering quality modern services

Priority: Northampton Alive

A vibrant successful town for now and the future

- Northampton to be an excellent place to do business with a talented workforce that meets the needs and expectations of existing and potential employers in the town and a successful Enterprise Zone
- Working with our partners in local and national government, the community and the private sector to lobby for infrastructure that is appropriate for sustainable growth including working with the County Council and other infrastructure providers.
- Projecting Northampton onto a regional and national stage to promote the town as a great place to live, work, shop and do business, working with partners to promote the town, supporting improvements to the Town Centre and supporting the economic development of Northampton
- Promoting economic growth

Northampton Alive commitments

- Support the development plans for the University of Northampton
- Continue to redevelop Northampton Castle railway station
- Continue to develop and grow the Enterprise Zone
- Retain the Market Advisory Group and freeze rent for market traders
- Bring forward development plans for the Greyfriars site
- Promote and support the Business Incentive Scheme
- Support Business Improvement Districts in Town Centre and Brackmills
- Promote the towns key gateways
- Continue to support the local Cycle CoNNect scheme
- Support the redevelopment of Delapre Abbey
- Support the delivery of the St James Mill Road link
- Work towards completing the redevelopment of the St Edmund's site
- Planning policies to include infrastructure first and to oppose inappropriate development on the edge of the borough
- Guarantee the borough councils free parking offer for full four years
- Continue to support the economy of the town

- Continue installation of pay as you leave machines in the Borough Council car parks

Priority: Safer Communities

Making you feel safe and secure

- Northampton to be a great place to live, feeling safe and secure, and without fear

Safer Communities commitments

- Review the CCTV service with a view of adopting a new and more cost effective approach
- Support the Community Payback scheme to show offenders carrying out community service
- Use licencing powers to ensure the people of Northampton are best protected
- Work with the Police to reduce beggars and street drinking
- Continue to take a hard line on intimidating behaviour by 'chuggers'
- Look to introduce more Community Hubs with the Police and other organisations around the town
- Support the Forums to work with communities
- Promote social inclusion in Partnership with other agencies and the community
- Work with partners to tackle crime and anti-social behaviours

Priority: Housing for Everyone

Helping those that need it to have a safe and secure home

- All neighbourhoods to be desirable places to live with homes appropriate for people at different points in their lives, attractive and well-kept buildings and open spaces, good roads and public transport and a comprehensive range of community events and facilities.
- Continue to manage the impact of welfare reform and other pressures
- New, affordable and decent housing
- Help people to achieve and maintain independence

Housing for Everyone commitments

- Support Northampton Partnership Homes delivering key services to housing tenants on behalf of the Council as landlord
- Protect the role of sheltered housing
- Develop Lakeview to meet the housing needs of older people
- Continue to identify new opportunities to build new council homes
- Protect residents against in appropriate Houses of Multiple Occupancy and bring all planning applications to Committee
- Introduce a star rating system for private landlords
- Create a Social Lettings Agency working with private landlords
- Take a tough stance on criminal, rogue and irresponsible landlords
- Taking a proactive and prompt approach to dealing with illegal encampments
- Safeguard Call Care service and further extend Call Care to private users
- Develop a new overarching housing strategy
- Transform housing services using the wellbeing model

Priority: Protecting Our Environment

A clean and attractive town for residents and visitors

- Northampton to be kept clean and litter free with well-maintained green spaces

Protecting Our Environment commitments

- Maintain high standards in our parks and green spaces and aim for Green Flag awards
- Retain Park Management Committees and ensure they address specific park needs
- Continue to support the Neighbourhood Wardens and Park Ranger Services
- Review environmental services and waste contract to ensure the best service for the people of Northampton
- Commit to town centre cleaning regime
- Carry out a borough-wide review of trees and implement enhanced tree management
- Zero-tolerance to fly-tipping and dog fouling
- Continue with Northampton in Bloom
- Support residents wanting an allotment
- Commit to the bands in park programme in Abington Park and a have wide range of events in all parks

Priority: Love Northampton

Enhancing leisure activities for local people and encouraging participation

- Northampton to have a great community spirit, with people actively participating in local democracy, taking pride in Northampton, its environment and its communities
- High quality cultural and sporting events and attractions for residents and visitors to experience, with a range of places for visitors to stay
- Children and young people should have access to a range of activities to enable them to make a positive contribution to their communities and to realise their potential and talent
- Local people having good health and wellbeing with the Council playing a leading role in tackling the underlying root causes of poor health and the issues that affect wellbeing

Love Northampton commitments

- Work with the cultural quarter partners to provide a vibrant, exciting and welcoming offer for visitors
- Consider Museum Trust for Northampton
- Redevelop the Vulcan Works as part of the Cultural Quarter
- Support the towns sports clubs and continue to address match day parking issues
- Promote tourism for Northampton
- Celebrate the towns history and heritage
- Ensure Armed Forces Community Covenant continues as a key Council policy and introduce Business Community Covenant
- Continue to provide a range of quality of events to support the economic vibrancy of the town
- Open one stop shop at the Guildhall on Saturday mornings
- Retain Councillor Community Fund
- Work with Voluntary Impact Northampton and others to strengthen the local voluntary community sector
- Support and encourage volunteering

Priority: Working Hard and Spending Your Money Wisely

Delivering quality modern services

The Council at all times aims to:

- ensure the Council is economic, efficient and effective
- get the best from the resources available and
- develop an agile workforce culture
- recognise, support and empower Council employees better through changing the Council's culture to do so

Working Hard and Spending Your Money Wisely commitments

- Working with employees the Council will develop and implement culture change to a culture that is more supportive and empowering of the Council's workforce
 - Senior management levels to be proportionate
 - Retain Living Wage commitment to directly employed staff and consider its application in future contracts
 - Support apprenticeship schemes across the Borough Council
 - Retain transparent approach on consultants and limit their use
 - Support local businesses who want to work with the council

Our priorities are financially supported by the Councils budget process. Each of the key programmes of work are planned and costed to ensure delivery, value for money and sustainability. The Corporate Plan, Service Plans and projects are monitored and reported regularly to management, to Cabinet and to relevant Committees

Business Development Priorities

Facing the financial challenge ahead

As outlined in the introduction to this plan it is outlined that here are three business development priorities that support the corporate plan and contribute to managing the Council's future financial challenge. The Council aims to be able to continue to deliver for the public of Northampton but must do so at a substantially lower net cost.

Empowering Communities	<p>Delivering a better Northampton relies upon the engagement of communities in shaping their own futures with support and community leadership from the Council, its councillors and partners. As resources decline it is essential that communities are empowered to be part of delivering change and services.</p> <p>We will aim to do this by establishing actively involved communities that have a strong sense of ownership, responsibility and local pride and who are fully empowered, equipped and supported to improve the neighbourhoods where they live to help make everywhere in Northampton a great place to live, visit, work, study and invest.</p> <p>This priority will build on existing positive work between councillors and residents groups, interest groups and community organisations. Empowering communities will enhance wellbeing as well as enable future challenges to be addressed.</p>
Economic Growth	<p>Economic growth in Northampton is essential to meet the financial targets set in the national financial settlement for local government and to develop new income to support local public services both in the Borough and the County. Northampton's track record on delivering growth is excellent and needs to continue to be driven forward.</p> <p>Building on the success of Northampton Alive to date, the Borough Council will continue to:</p> <ul style="list-style-type: none"><input type="checkbox"/> lead on the development and delivery of the Northampton Alive Programme, which includes key physical projects as part of the overall regeneration programme for the Borough.<input type="checkbox"/> provide a comprehensive business support and growth service for both new and existing enterprises investing into the Borough. This includes available land and property advice, together with other support services such as the Business Incentive scheme<input type="checkbox"/> work with other key stakeholders such as the LEPs and the County Council to meet the towns strategic regeneration aims including the delivery of the Northampton Waterside Enterprise Zone, and<input type="checkbox"/> provide a corporate asset function which oversees both existing stock whilst advising on strategic opportunities and regeneration projects

Partnership Working

The Council has a record of working in partnership with other local authorities, community organisation and partners to deliver a wide range of services. To meet the financial challenge ahead whilst still delivering a better Northampton, the Council will also:

- drive to release the benefits of working and combining together in partnership in order to strive towards increased efficiency, reduce duplication and maximise benefits and opportunities
- work proactively and collaboratively with partners to improve the housing, health and wellbeing of people living and working in the Borough and ensure that Northampton is a great place to live, visit, work, study and invest
- build strong and effective relationships with partners , based on a coherent, consistent and clearly defined approach to partnership working, in order to improve efficiency and effectiveness and provide better outcomes

ⁱ Cities Outlook 2016 published by the Centre for Cities, January 2016

<p>Appendices None</p>



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL
24th FEBRUARY 2016

Agenda Status: Public

Directorate: Management Board

Report Title	Report by Chief Finance Officer on Robustness of Budget Estimates and Adequacy of Reserves
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1. Purpose

- 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 recommending the Council’s Medium Term Financial Plan 2016/21, the Revenue Budget for 2016/17, Capital Programme 2016/21, Reserves levels and Treasury Management Strategy 2016/17.

2. Recommendations

- 2.1 That Council carefully considers the content of this report with regards to the General Fund and Housing Revenue Account prior to recommending the approval of the Council’s Medium Term Financial Plan 2016/21, the Revenue Budget for 2016/16, Capital Programme 2016/21 and Treasury Management Strategy 2016/17.

3. Issues and Choices

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.

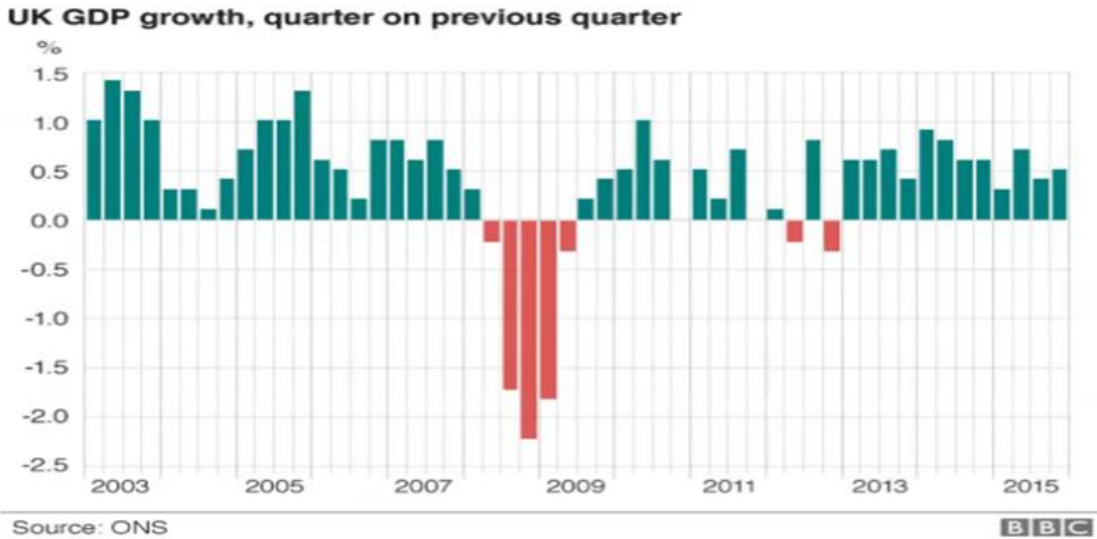
3.2 Context

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.

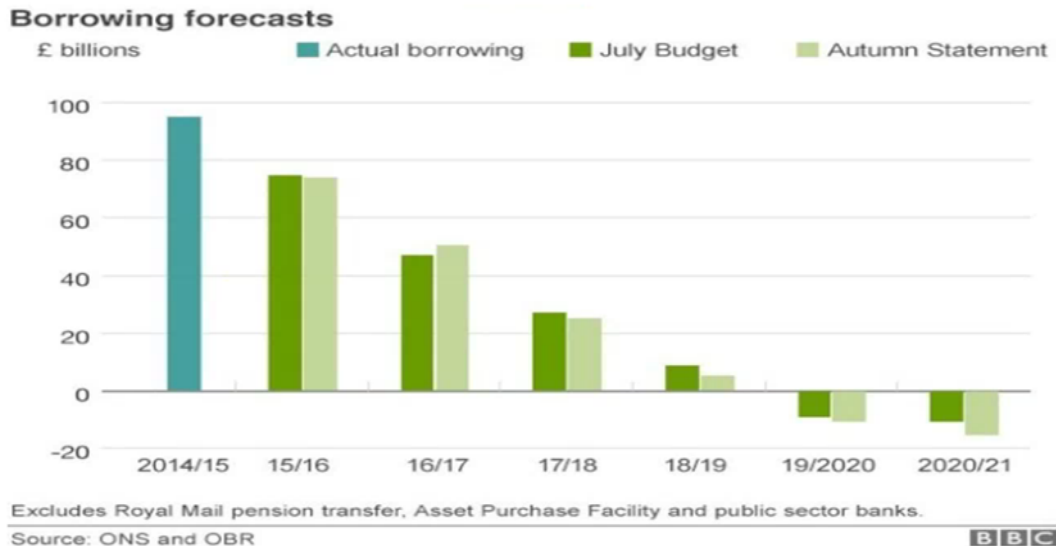
Economic Challenges

3.2.2 In 2015 the annual growth in the UK's Gross Domestic Product (GDP) was 2.2%. The growth in 2015 was the lowest rate recorded in the last three years, but it still means the UK economy is growing at one of the fastest rates in the developed world. Based on forecasts by the International Monetary Fund (IMF) this growth is expected to continue for 2016 and 2017.

3.2.3 The graph below shows the quarterly growth increase (left hand axis) and total GDP (right hand axis) over the past 12 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. This is extremely positive news for the UK economy.



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 2020. Due to the depth of the downturn this is longer than previously envisaged. The graph below shows how the annual borrowing forecasts have changed between July and November 2015.



Local Government Challenges

3.2.5 Since 2010 Government funding for local government has reduced by approximately 40% in real terms. A new Government was elected in May 2015 and have subsequently made a number of announcements, including Summer Budget (July 2015), Spending Review (November 2015) and provisional Local Government Finance Settlement (December 2015). The key headlines from these announcements were:

- Local Government funding will reduce from £21.9bn to £17.8bn by 2019/20
- Switch of funding toward councils with social care responsibilities
- Switch of funding from rural to urban areas
- Proposals to review New Homes Bonus, including an £800m reduction in funding
- The introduction of the “Core Spending Power” which includes assumptions from Government about increases in council tax levels and rises in the taxbase
- An offer of a four year deal from Government to provide more certainty for council to assist in planning service provision over the medium term
- Social housing changes, including a 1% per annum reduction in rents and changes to Right to Buy
- A proposal to move to a 100% business rates retention scheme by 2020

3.2.6 In addition to the continuing austerity measures it is anticipated there will be further changes to Government policy which councils will be expected to implement by 2020.

3.2.7 From these changes it appears that the Government is 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 Business Rates Retention and New Homes Bonus (albeit at lower levels than previously experienced), both of which reward those areas which can

promote and deliver growth. RSG for the Council is forecast to be negative by 2020/21, when it will have to pay a tariff to Government from its business rates baseline.

- 3.2.8 It should be noted that there is more information upon which to base financial forecasts than 12 months ago, particularly for the 2016/17 financial year. However, there are a number of key pieces of information that councils do not have clarity on over the medium term. For example how the 100% Business Rates Retention scheme will work in practice, which services will be transferring to local government and which proposals from the New Homes Bonus review will be implemented. Even the areas where there is perceived to be more clarity, such as the 1% reduction in social rents per annum, the Government is issuing exceptions as the impact of proposals on specific demographics becomes clearer. 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 has led to a redistribution, albeit over time, of local government funding. There will be a further opportunity for Government to redirect resources when 100% Business Rates Retention is implemented. To this end the Government has announced a review of the underlying formula supporting the Council's funding baseline. All of these changes present significant risks, 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 four 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 2015/16; 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 its five year term.
 - 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.
 - Regeneration and economic growth in the Waterside Enterprise Zone, for example St Peters Way roundabout, Cosworth and the railway station.
- 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, are set to continue over the medium 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 and additional council tax receipts. However this does give rise to additional pressures and risk in the short to medium term. Particularly as the Government are planning significant change to NHB and Business Rates Retention over the next few years.

3.3 Medium Term Financial Plan 2016/17 to 2020/21

3.3.1 The Medium Term Financial Plan is a key part of ensuring the Council's future. The approach during the 2016/17 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 2016/17 to 2020/21.

Risks and Mitigations

3.3.2 Section 5 of the Budget Report presented to the Policy and Resources Committee on 15 February 2016 sets out all of the assumptions which underpin the MTFs. These assumptions are robust and are based on the most up to date intelligence available. However, as with any assumption, there is an element of risk that the reality will be different. The following assumptions in the MTFs contain the most risk:

3.3.3 General Fund Revenue

a) **Government Funding.** The current assumption is as announced in the Local Government Funding Settlement when the Council was notified by Government its allocation for 2016/17 and indicative allocations for the 3 subsequent financial years. Over this period Revenue Support Grant (RSG) is forecast to reduce from £3.3m in 2016/17 to nil by 2019/20. This is an aggressive reduction in RSG and would indicate the Council would have a negative RSG in the 2020/21 financial year. It should be noted the forecast funding position is only indicative for 2017/18 and beyond. The reductions in funding for districts councils are faster and deeper than previously envisaged as Government have changed their methodology for allocating grant on two fronts; namely moving monies away from rural areas to urban areas and towards councils with social care responsibilities. It should be noted there is further potential for Government to amend the methodology for allocating resources when Business rates retention is introduced, see below for more details.

The risk is mitigated by using the figures provided by Government in our forecasts. To mitigate the risks further the Council should consider entering into the four year funding deal announced by Government. However, such a deal will need to be backed up by an Efficiency Plan. At the time of writing the full details of the 4 year offer and Efficiency Plan are still to be assessed as to whether it is worthwhile for the Council. The

Council has until 14 October to sign up to the Government offer and submit an Efficiency Plan.

- b) **New Homes Bonus (NHB).** The Government has announced proposals to review the current NHB system. All of the proposals being consulted on will see reductions in the amount of resources available for the Council. The current scheme will continue in 2016/17 with any new scheme due to be in place by from April 2017. In 2016/17 the Council has been allocated £4.9m, this could reduce by up to 50% in the subsequent years depending upon which proposals are implemented. The Council currently uses around 30-40% of its NHB allocation to fund its on-going revenue budget with the remainder used to finance one off expenditure and front funding the Waterside Enterprise Zone. The MTFs assumes all NHB will be used to finance on-going expenditure in the General Fund Revenue Budget each year. By March 2017 the Council has built up £2.7m in unspent NHB monies and will receive further monies by 2021/22 through the reimbursement, via business rates uplift, from SEMLEP of monies used to front fund costs of the Waterside Enterprise Zone.

A reduction in funding of up to 50%, or £2.5m, presents a significant risk to the Council. However, the Council's historic decision not to use all of its NHB to finance on-going expenditure means there is flexibility to absorb the reduction without there being a major impact on services. The unused monies from NHB and those due back from SEMLEP over the next few years have been included in the reserves forecasts for the Council.

- c) **Business Rates Retention.** The current assumption is for the level of business rates in 2016/17 to be £7.4m. This consists of the baseline of £6.2m, Section 31 grant due on mandatory reliefs currently funded by Government of £1m and a further £0.2m generated by maximising business rates with other councils in Northamptonshire. The actual level of business rates for 2016/17 will not be known until after the end of the financial year. It should be noted there is a high level of uncertainty over the level and timing of business rates income. In particular the Council has made assumptions around business rate appeals. Currently there are 833 appeals outstanding with a total rateable value of £92m and total rates payable under appeal of £237m. A further risk to be aware of is the business rates revaluation due to be implemented in April 2017. Although this is expected to be fiscally neutral nationally it may not be at a local level and there are likely to be an increase in the volume of appeals following the revaluation.

The Government has announced that they are seeking to move to a scheme where councils retain 100% of their growth in business rates by 2020. The Government will start to consult on their proposals during 2016. As the total amount of business rates raised nationally are around £5bn more than the current level of Government grant to councils there will be additional services transferred to local government. At this stage it is not known what these services are or who will manage them in two tier areas.

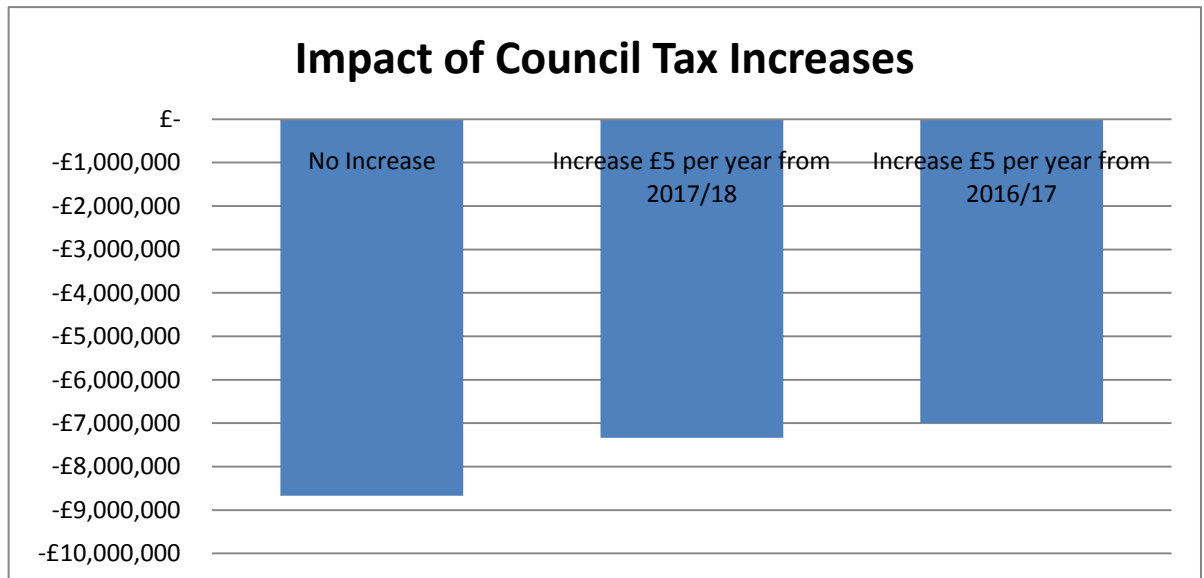
This presents the Council with a number of risks to manage, specifically:

- Delivery of the timing and level of business rate growth. The Council has incorporated no growth into its budget. The Council is developing an innovative approach to forecasting its level of Business Rates over the medium term with the establishment of the Business Rates Forecasting Group consisting of officers from planning, revenues and finance. The Council also has a good relationship with the Valuation Office Agency
- Business rate appeals. The Council has made a provision for historic and future appeals in its business rates forecasts. However, it should not be underestimated the amount of uncertainty around business rates appeals on the Council's financial position.
- Other changes. In addition to appeals a number of organisations including NHS Trusts and Virgin Media have challenged how they are treated with regards to mandatory reliefs and their classification on the list. If these challenges are successful there is the potential for a significant impact on business rates income.
- The intention to move towards a 100% business rates retention scheme on the face of it, appears to be good news as councils can keep all of their business rate growth. However, it also increases the existing risks around timing/level of growth and appeals/volatility as councils will carry 100% of the risk, rather than the current 50%. A new risk is around the additional services being transferred to the Council. As the proposals are consulted upon and firmed up the Council will need to flex its financial position accordingly.

- d) **Council Tax.** The Council's strategy with regards to the level of council tax for 2016/17 is for no increase in 2016/17 and an increase of £5 per year thereafter in line with the maximum permitted amount by Government without triggering a referendum.

The Government's position with regards to council tax has changed significantly since May 2015. In recent years the Government has incentivised councils not to increase council tax by offering a Council Tax Freeze Grant. This grant is no longer payable and the Government, through its Core Spending Power, are assuming councils will increase their council tax to maintain services. For Northampton Borough Council, the Government is assuming the council will increase its council tax by £5 per year until 2019/20. In addition the Government are assuming an increase in our taxbase of around 3% per annum. This is significantly ahead of growth experienced in recent years.

A clear strategy on the Council's policy for council tax levels over the MTFP period is an essential part of a council's financial planning. The MTFP includes an assumption that the Council will increase council tax by £5 per annum each year from 2017/18. This reduces the annual funding gap in 2020/21 by £1.3m. The graph below sets out how the current approach on council tax would impact upon the forecast annual deficit in 2020/21. As can be seen increasing council tax reduces the deficit, however, further measures are required to deliver a balanced budget:



e) **Delivery of proposed savings.** There are £0.7m of savings to be achieved in 2016/17 onwards; those currently identified are itemised in the budget report at appendix 5. Specific ones of notes are:

- Service reviews £0.3m.
- House in Multiple Occupation Fee Income £0.1m

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 Cabinet.

f) **Waste Contract Re-procurement.** The current Environment Services contract is due for renewal in 2018. The market intelligence the Council has received is that a new contract would be more costly than the existing one. An estimate has been incorporated into the MTFS in 2018/19 of an additional £3.8m (a 50%+ increase in the contract price). This is a significant cost pressure facing the Council and one that is contributing to approximately half of the funding deficit from 2018/19 in the MTFS.

The Council has planned for this increase in its Budget since April 2015 by including an escalating pressure into its MTFP. The Council needs to find ways to reduce this estimated cost pressure. If it does not the council will need to find efficiencies/savings/generate income in other areas of the budget to offset this pressure. To manage the additional work and costs of the procurement process the Council will utilise monies from payment deductions from the existing contract.

g) **Northampton Partnership Homes.** 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.

h) **Employee Costs.** There is currently no pay agreement in place from April 2016. Pay inflation has been assumed to be 1% for 2016/17 and across the MTFS period. This is in line with government announcements on public sector pay. The impact of announcements regarding the National Living Wage are also reflected in budget forecasts over the medium term. In addition pressures arising from increasing national insurance contributions and employer pension contribution rates have been factored into budget plans over the medium term.

- i) **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.

- j) 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.

3.3.4 General Fund Capital

- k) **Large Capital Schemes.** There are a large number of high profile capital schemes to deliver over next two years, including Delapre Abbey Restoration, St Giles Street Improvements, Vulcan Works and Northampton Museum Extension.

Each of these schemes will have its own unique set of risks. At an overall level the Capital Programme Board, set up in 2014, has introduced a more systematic approach to governance, capital planning and managing schemes through their lifecycle. At a scheme level it is expected Directors will have in place robust project management arrangements to identify and mitigated or manage risks that arise throughout the project lifecycle.

- l) **Waterside Enterprise Zone.** 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 t) below.

3.3.5 Housing Revenue Account

- m) **Reduction in rents by 1% per annum.** The Government policy to reduce rents by 1% per annum has an impact on the HRA by reducing the funding available by £2m in 2016/17 compared to the HRA Business Plan presented to Council in February 2015. Over the period of the next four years it is anticipated this would lead to £20m less rental income being received by the HRA. This represents a major change, and therefore risk, to the HRA business plan. The risk of investing less in the Council's housing stock is that it will deteriorate over time, which will impact on the quality of life for tenants.

The strategy for managing this change has been to work closely with NPH to identify areas for reducing expenditure across the Management Fee, Repairs & Maintenance budgets and Capital Programme. NPH expect to manage the position in 2016/17 by being more efficient and effective in their use of resources. However, this will be more difficult to achieve over the medium term.

- n) **Further Planned Government Policy Change.** The Government has also announced proposals with regards to Right to Buy and high value stock, and Pay to Stay. The full implications of these are not known at present. However, they are expected to have an adverse impact on the HRA.

The Council is monitoring the information being announced by Government and is working with its intelligence networks to assess the potential impact on the HRA 30 year business plan, and the overall finances will managed within that context.

- o) **Northampton Partnership Homes (NPH).** NPH, a wholly owned arms length organisation of the Council, provides the Council's landlord function, plus other housing functions. NPH is funded by a Management Fee from the Council. In addition NPH receive monies to deliver repairs & maintenance services and capital improvements to the Council's housing stock. The Total Fee paid to NPH is the financial representation of the Management Agreement between the two parties and has been sub divided into six component parts. As with any 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 Total Fee.

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

3.3.6 Housing Revenue Account - Capital

- p) **Large Capital Schemes.** There are a large number of high profile capital schemes to deliver over next two years, including the improvement of council housing up to the Northampton Standard and the building of 100 new homes at Dallington.

The Capital Programme Board set up in 2014 has introduced a more systematic approach to governance, capital planning and managing schemes through their lifecycle. The 100 homes at Dallington are mainly financed by an increase in the HRA borrowing cap from Government, There are strict criteria in place that the Council needs to adhere to in order to receive this increase in its borrowing cap. It is essential that managers deliver against these or there is a risk that ability to fund from Borrowing could be reduced by Government.

- q) **Right to Buy Receipts.** 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. 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.

3.3.7 Treasury Management

- r) 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.

- s) 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.

3.3.8 Other Risks

- t) **Business Rates in Waterside Enterprise Zone.** 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.

- u) **Loans to Third Parties.** The Council has made a number of loans to third parties including University of Northampton, Northampton Saints Rugby Club and Cosworth. All of these loans have been subject to due diligence before being made.

To ensure the financial position of the Council is protected regular monitoring of the financial standing of organisations the Council has loaned money to is required. This includes regular meetings with 3rd party organisations, review of progress against their business plans and review of financial statements.

- v) **Sixfields and Recovery of NTFC Loan Monies.** The Council is in the process of taking action to recover the loan monies lent to NTFC. It is also taking steps to deliver value from the development of land around Sixfields Stadium. It is anticipated the monies arising from these actions will be sufficient to meet the repayment of the loan and costs associated with recovery of monies.

The Council should closely monitor progress on each of these activities to maximise its returns. In particular the costs associated with the recovery of monies will need to be monitored to ensure value for money is being achieved.

- w) **Localisation of council tax support (CTS).** The current assumption is that the shortfall arising from the Government funding for CTS in 2016/17 will be met from council tax discounts/exemptions and a 29% council tax liability for those entitled to CTS. This is an increase from 2015/16 and is expected to be cost neutral with regards to the impact on the wider council tax payer given on-going reductions in government grant to finance the gap.

The risk is that the actual position is different from the budget at the start of the year as the final position won't be known until the end of the financial year. Extensive modelling has been undertaken to provide the Council with assurance of the financial impact. The primary reason for increasing the liability to 29% is to ensure a cost neutral scheme for all taxpayers. Beyond 2016/17 it is assumed any additional costs arising from reduced government funding are mitigated by reductions to the CTS scheme.

3.4 Delivering the Medium Term Financial Plan

- 3.4.1 The medium term financial position for the Council continues to show costs increasing at a faster rate than funding. By 2020/21 there is projected to be a £7.3m gap between expenditure and income and this could get wider over the longer term using current projections.

- 3.4.2 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, including Environment Services, and reducing funding from government.
- 3.4.3 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.
- 3.4.4 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.

3.5 Revenue Budget 2016/17

The Financial Position

- 3.5.1 The revenue budget 2016/17 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

- 3.5.2 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 2016/17 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 regular meetings between the Leader, Cabinet Member for

Finance, Chief Executive and Chief Finance Officer to steer the budget process.

- 3.5.3 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

- 3.5.4 The budget includes £0.7m of savings, delivery of which will need to be managed.

3.6 Draft Capital Programme 2016/17 to 2020/21

- 3.6.1 Historically the Council's General Fund Capital Programme has been funded from capital receipts, capital grants, NHB income, 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, which has been used to finance regeneration and economic growth related projects in recent years, is the subject of proposals by Government to significantly reduce it. This would mean there would be no new NHB income to finance the capital programme. However, there is historic NHB income which has been placed into reserves for use to manage the Council's financial position over the medium term.
- 3.6.2 Over the period of the Medium Term Financial Plan, the General Fund Capital Programme is projected to be financed from £8.8m 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.
- 3.6.3 There is £1.6m of funding provided through the, Growing Places Fund and Local Infrastructure Fund, which part of a total investment of £7.5m from these funding sources, is to be repaid from the Enterprise Zone business rate uplift; risks around the repayment of this are being managed as per 3.3.7 t) above.

3.7 Housing Revenue Account (HRA)

- 3.7.1 The HRA budget has been subject to a number of policy changes announced by Government, including a reduction in rents by 1% per annum and proposals around Right to Buy and high value stock, and Pay to Stay. The Council has worked closely with NPH in setting its HRA budget for 2016/17, the medium term plan 2016/21 and 30 year HRA Business Plan.
- 3.7.2 The HRA Capital Programme is funded within the context of overall Housing Revenue Account resources and in line with the Asset Management Plan, although this is subject to a significant refresh during 2016, 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.

3.8 Treasury Management Strategy 2016/17

- 3.8.1 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.
- 3.8.2 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.

3.9 Forecast Reserves and Balances

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

Minimum Levels of Working Balance

- 3.9.2 The risk assessed minimum level of General Fund balances for 2016/17 is £5.3m, this is an increase of £0.4m since 2015/16 to reflect the additional risks being faced by the Council. The working balance for the HRA continues at £5m. The risk assessed minimum level of balances are expected to remain at this level in the medium term.
- 3.9.3 The underlying minimum level of working balances necessary to mitigate against short to medium term risks will be reviewed, along with the levels of earmarked reserve, on an annual basis.

Use of Earmarked Reserves

- 3.9.4 There is a net contribution to earmarked reserves within the 2016/17 revenue budget of £2.872m.
- 3.9.5 To assist in managing risks in the budget the Future Budget pressures earmarked reserve has been increased to £6.5m to reflect uncertainties in delivering savings proposals, potential impact of budget proposals from other councils/partners, proposed changes to government funding and uncertainty around business rates receipts.
- 3.9.6 In recognition of the future General Fund revenue pressures, rising to a budget gap of £7.2m in 2020/21, an earmarked reserve of £2.1m for Strategic Investment is continuing. 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.

3.10 Conclusion

3.10.1 Based on the assumptions made in its Budget 2016/17 and MTF5 2016/20 for income and expenditure the Council can set a balanced financial position for 2016/17.

3.10.2 However, due to the continued reduction in government funding and forecast pressures on the re-procurement of its waste contract the Council is facing significant annual deficit budgets of over £7m by 2020/21.

3.10.3 In addition there are a number of risks, or “known unknowns”, outlined in paragraphs 3.3.3 to 3.3.8. These risks may have a positive or negative impact on the Council’s financial position.

3.10.4 Whilst in the next financial year the Council’s financial position is sustainable; beyond this the financial position is, at best, uncertain. The Council will need to ensure it makes the right decision over the short term (next two years) to ensure it is financially stable and sustainable over the medium to long term. Such a strategy should include maximising all income streams, continuing to generate efficiencies and influencing the risks faced to optimise the Council’s future financial viability

3.10.5 The Council should give proper consideration to accepting the Government four year offer and development of an Efficiency Plan. Whilst at this stage the contents of an Efficiency Plan are not known the Council should develop a clear plan demonstrating how it will manage its financial position over the medium term based on different risk scenarios

3.10.6 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.

3.9 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)

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 2016/17 are robust within the parameters outlined in this report.

4.1.2 Protecting the Council’s medium to long term financial position and ensuring adequate provision for reserves allows the Council to continue to deliver services in line with its priorities.

4.2 Resources and Risk

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

4.3 Legal

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

4.4 Equality

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

4.5 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.
- 4.5.2 The draft capital and revenue budgets were subject to public consultation and the HRA budget was presented to tenants on 4th February 2014.

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

None

5. Background Papers

- 5.1 General Fund Budget Report
- 5.2 HRA Budget Report
- 5.3 Treasury Management Strategy Report

Glenn Hammons, Chief Finance Officer, 01604 366521

**Appendices:
Cabinet report plus
12 Appendices**



**NORTHAMPTON
BOROUGH COUNCIL**

COUNCIL

29 February 2016

Agenda Status: PUBLIC

Directorate: Management Board

Report Title	General Fund Revenue Budget and Capital Programme 2016/17 and Medium Term Financial Plan 2016/17 – 2020/21
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1. Purpose

- 1.1 To report the outcome of the consultation process on the 2016/17 General Fund budget and the final formula grant settlement for 2016/17.
- 1.2 To agree the Cabinet's recommendations for the General Fund revenue and capital budgets, the level of Council Tax increase for 2016/17 and indicative levels for 2017/18 to 2020/21.
- 1.3 To approve the attached Treasury Management Strategy and Capital Strategy.

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 of attached Cabinet report).
- 2.2 That a General Fund Revenue Budget for 2016/17 of £29.6m (excluding parishes) be approved (detailed in Appendices 4, 5 and 6 of attached Cabinet report).
- 2.3 That the Council does not increase the Council Tax for its own purposes, i.e. excluding County, Police and Parish Precepts, for 2016/17.
- 2.4 That the Council approve the General Fund Capital Programme and proposed financing for 2016/17 as set out in Appendix 7 of attached Cabinet report.
- 2.5 That Council confirms the aim of maintaining a minimum level of General Fund reserves of £5.3m for 2016/17, having regard to the outcome of the financial risk assessment.

- 2.6 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.
 - Update prudential indicators in both the Prudential Indicators Report and Treasury Strategy Report to Council, for any budget changes that impact on these.
- 2.7 That the draft Fees and Charges set out in Appendix 10 of the attached Cabinet report be approved, including immediate implementation where appropriate.
- 2.8 That Council approve the Treasury Management Strategy for 2016-17 at Appendix 11 of the attached Cabinet report: incorporating:
- (i) The Capital Financing and Borrowing Strategy for 2016-17 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 2016-17 as required by the Local Government Act 2003.
- (ii) The Investment Strategy for 2016-17 as required by the CLG revised Guidance on Local Government Investments issued in 2010.
- 2.9 That authority be delegated to the Council's Chief Finance Officer, in liaison with the Cabinet member for Finance, to make any temporary changes needed to the Council's borrowing and investment strategy to enable the authority to meet its obligations.
- 2.10 That Council approve the Capital Strategy for 2016 to 2021 as attached as Appendix 12 of the attached Cabinet report.
- 2.11 That Council delegate authority to the Chief Executive, Directors and Chief Finance Officer to implement all budget options and restructures.

3. Issues and Choices

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 24th 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)

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

5.1 See Cabinet Report attached

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CABINET REPORT

Report Title	General Fund Revenue Budget and Capital Programme 2016/17 and Medium Term Financial Plan 2016/17 – 2020/21
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	24 February 2016
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Management Board
Accountable Cabinet Member:	Cllr M Hallam
Ward(s)	NA

1. Purpose

- 1.1 To report the outcome of the consultation process on the 2016/17 General Fund Revenue and Capital Budget and the Formula Funding Settlement for 2016/17.
- 1.2 To agree Cabinet's proposals for recommendation to Council on 29 February 2016 for the 2016/17 General Fund budgets and Council Tax level and the indicative levels for 2017/18 to 2020/21.
- 1.3 To outline the General Fund Capital Programme and Funding proposals for 2016/17 and future years.

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 3.2.22), in light of technical adjustments and the Local Government Funding Settlement, be agreed.
- 2.3 That a General Fund Revenue Budget for 2016/17 of £29.6m (excluding parishes) be recommended to Council for its own purposes (detailed in paragraph 3.2.23 and **Appendices 4, 5 and 6**).
- 2.4 That the Council be recommended not to increase the Council Tax for its own purposes, i.e. excluding County, Police and Parish Precepts, for 2016/17.
- 2.5 That the Cabinet recommend to Council that they approve the General Fund Capital Programme and proposed financing for 2016/17 as set out in **Appendix 7**.
- 2.6 That Council be recommended to confirm as minimum level of General Fund reserves of £5.3m for 2016/17, 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.
 - Update prudential indicators in both the Prudential Indicators Report and Treasury Strategy Report to Council, for any budget changes that impact on these.
- 2.8 That the 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 approved, including immediate implementation where appropriate.
- 2.10 That Cabinet recommend to Council that they approve the Treasury Management Strategy for 2016-17 at **Appendix 11** of this report: incorporating:
- (i) The Capital Financing and Borrowing Strategy for 2016-17 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 2016-17 as required by the Local Government Act 2003.
 - (ii) The Investment Strategy for 2016-17 as required by the CLG revised Guidance on Local Government Investments issued in 2010.

- 2.11 That authority be delegated to the Council's Chief Finance Officer, in liaison with the Cabinet member for Finance, to make any temporary changes needed to the Council's borrowing and investment strategy to enable the authority to meet its obligations.
- 2.12 That Council be recommended to approve the Capital Strategy for 2016 to 2021 as attached as **Appendix 12**.
- 2.13 That authority be delegated to the Chief Finance Officer to make any technical changes necessary to the papers for the Council meeting of 29th February 2016, including changes relating to Parish Precepts and Council Tax levels associated with those changes.
- 2.14 That Council be recommended to delegate authority to the Chief Executive, Directors and Chief Finance Officer to implement all budget options and restructures.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Council is required to set a balanced budget and its Council Tax for 2016/17 in February 2016. The proposals in this report have been developed by officers in consultation with relevant Cabinet members and Management Board.
- 3.1.2 The budget proposals and options presented in this report have been subject to a period of public consultation and reviewed by both Audit Committee and Overview and Scrutiny Panel. The outcomes of these consultations are set out in **Appendices 1, 2 and 3**.

3.2 Issues

Economic Context

- 3.2.1 The UK economy is forecast to continue on its growth trajectory, albeit perhaps with some slowing due to the global economic situation and further fiscal tightening. Demand for housing is strong and this is of benefit to Northampton's growth strategy. Inflation is forecast to remain low, with oil prices not expected to increase in the short term. This helps to contain inflationary pressures within the Council's own budget.

Spending Review 2015

- 3.2.2 On 25th November the Chancellor announced the results of the Spending Review 2015. The main points that have had an impact on NBC are:
 - Core central government funding, comprising business rates and revenue support grant, to local government will fall by 24 per cent in real terms over the Spending Review period. Given that certain areas of expenditure, such as

social care and police, are being protected the impact on Districts and Boroughs is likely to be more significant.

- The Treasury-led Business Rates review will report in Budget 2016. The Spending Review confirmed that by the end of the Parliament local government will retain 100 per cent of business rate revenues to fund local services, giving them control of £13 billion of additional local tax revenues, and £26 billion in total business rate revenues.
- New Homes Bonus – the scheme is to be revamped, including means of sharpening the incentive to reward communities for additional homes and potentially reducing the length of payments from six years to four years. This will include a preferred option for savings of at least £800 million, which can be used for social care. Details of the proposed reforms were included in the Local Government Finance Settlement and are detailed below.
- Local authorities will have the flexibility to spend capital receipts (excluding Right to Buy receipts) from asset sales on the revenue costs of reform projects, subject to conditions that were set out alongside the Local Government Settlement in December 2015.

Local Government Finance Settlement

3.2.3 The draft settlement was published on 17th December 2015 and the final settlement on 8/2/2016. The final settlement took on board consultation responses and addressed concerns about the impact of methodology changes on shire areas through the introduction of a Transition Grant, funded from outside of the settlement envelope. It is of most benefit to County Councils, the allocation for NBC is only around £24k in each of the next two years. The table below shows the figures and how they compare to those included in the draft budget for 2016/17.

	Draft Budget – Dec 2015 £k	Final Settlement – Feb 2016 £k	Change £k
Revenue Support Grant	3,531	3,256	(275)
Transition Grant	-	24	24
Business Rates Baseline	7,577	7,452	(125)
New Homes Bonus	4,745	4,910	165
Total	15,853	15,642	(211)

3.2.4 The allocation of Revenue Support Grant was lower than expected due to a change in methodology which takes into account the Council's ability to raise income from Council Tax, including an assumption that tax rates are increased up to the referendum limit of 2%. This has the effect of shifting grant from shire areas to metropolitan areas where taxbases are lower. In addition to this the

split between tiers of local government has been done in such a way that funding is redirected towards authorities with social care responsibilities.

- 3.2.5 Given that the central government methodology includes an assumption that Council Tax is increased as part of an authorities core funding, the Council's medium term forecasts have been updated to include an assumed increase in the Band D Council Tax of £5 per year from 2017/18 onwards. This is the new limit announced in the final settlement above which a referendum would be triggered. No increase is proposed for 2016/17 in line with the consultation proposals.
- 3.2.6 Business Rate Baseline funding was lower than previous forecasts due to lower inflationary increases of 0.88%. The government will be consulting later in the year on plans to move towards 100% local retention of business rates. No details are available at this stage.
- 3.2.7 New Homes Bonus for 2016/17 is higher than previous forecast due to higher growth in property numbers. However, changes to the scheme will be implemented from 2017/18 onwards which will have a downward pressure on this funding source. A consultation was launched alongside the draft settlement and closes on 10th March. The key elements of the government's preferred option are:
- Number of years for which legacy payments under the Bonus are to be paid reduced from 6 years to 4 years (also considering reduction to 3 or 2 years).
 - No NHB payable for years in which LA does not have a Local Plan in place.
 - Reduction (by 50% or 100%) in NHB for homes allowed following an appeal.
 - Introduction of a baseline growth of 0.25%, only growth above this level would be rewarded.
 - No change proposed to district/county split.
 - Implementing these changes aims to save £800m pa nationally by 2019/20.
- 3.2.8 The Finance Settlement included indicative figures for Business Rates Baseline and Revenue Support Grant for the 3 years up to and including 2019/20, which have now been built into the Council's medium term forecasts.
- 3.2.9 The government has offered local authorities the option to fix these funding allocations for the period up to 2019/20, which would provide increased certainty. In order to take up this offer the Council would be required to produce an Efficiency Strategy. A decision on whether or not to accept this offer is required by mid-October, giving time for the Council to consider its options over the next six months.

Sources of Funding – Medium Term Forecasts

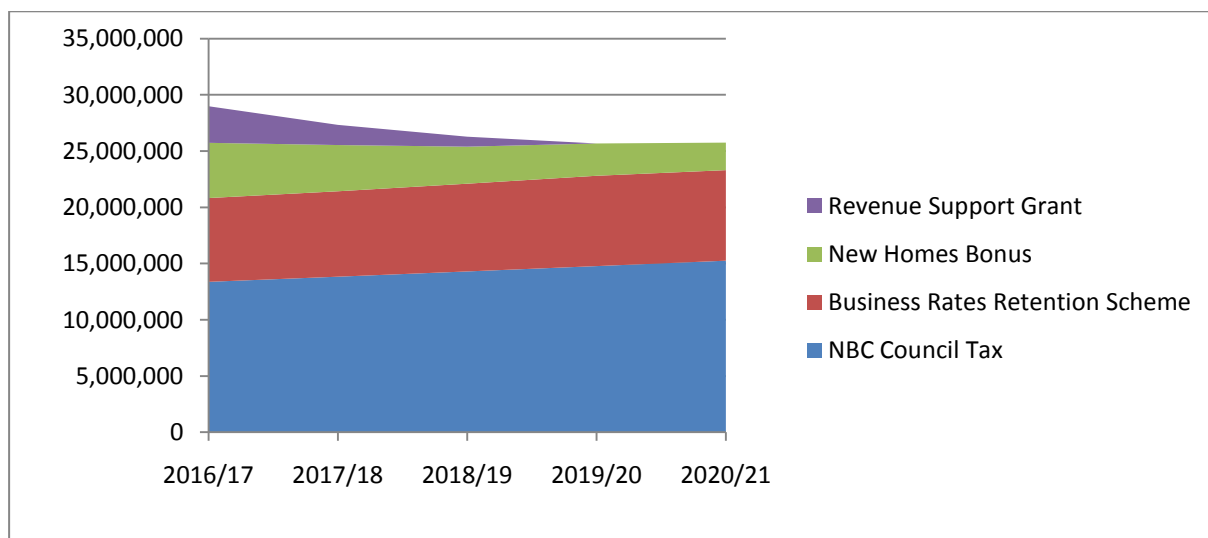
- 3.2.10 The main sources of funding for the Council's net General Fund revenue budget are Council Tax, Business Rates, New Homes Bonus and Revenue Support Grant.
- 3.2.11 Council Tax – although the Council's band D Council Tax is assumed to remain frozen for 2016/17 and then increase by £5 per year thereafter. The total forecast income is also expected to rise due to an increase in the taxbase of 3.2% for 2016/17 and an assumed average of 1% per annum thereafter.

The Council Tax Freeze Grant that has been received in previous years is now part of the settlement Funding Assessment.

3.2.12 Business Rates – following the introduction of the Business Rate Retention Scheme in April 2013, the Council now benefits from growth in the rateable value in the Borough. On the flipside, the Council also bears the risk of volatility, including successful appeals by business against their rateable value. The five-year forecasts reflect an average inflationary increase in business rates income of 1.2% per year.

3.2.13 New Homes Bonus – this has been a significant source of funding in recent years. The revamp of the scheme currently out to consultation is likely to lead to a significant reduction in this source of income for the Council, although this is mitigated by continued housing growth.

3.2.14 The graph below shows how the balance between these sources of funding is expected to change for the Borough Council over the next five years. The total falls significantly over the period and shows a significant shift from central to local funding.



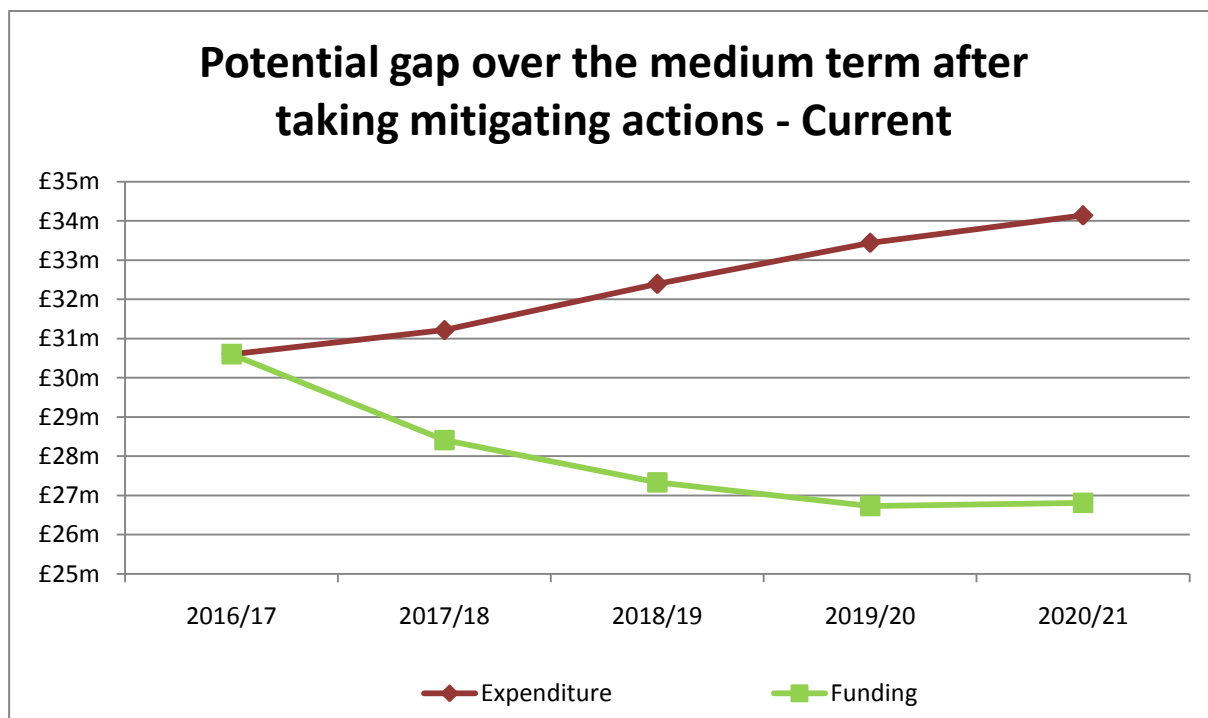
Enterprise Zone

3.2.15 The Waterside Enterprise Zone is composed of more than 20 sites along the River Nene, stretching from Sixfields in the west, right across the town centre. It incorporates a range of brownfield development opportunities and growing industrial estates. The Council is working closely with stakeholders and businesses to ensure that investment is targeted in the right location and at the right level to ensure growth happens.

3.2.16 The Council is contributing towards this investment by providing advance funding to enable the Enterprise Zone to grow. The up-front contributions will be returned to the Council in the future as business growth increases. The risks surrounding the advance funding of this investment are being closely monitored.

Medium Term Financial Plan

3.2.17 The Medium Term Financial Plan provides a forecast of the Council's expenditure and income over the next five years. Savings options have been identified for 2016/17 that allow a balanced budget to be set. However, the forecasts, detailed in Appendix 4, show the need to make substantial year-on-year savings, rising to £7.3m by 2020/21. The graph below illustrates the growing gap between forecast expenditure and funding.



3.2.18 This position will be kept under constant review and funding forecasts updated as new intelligence is gathered in relation to both business and housing growth.

3.2.19 The scale of the savings that the Council needs to find require a fundamental review of the way in which services are provided, as well as the range and scope of those services. Work is beginning across three themes:

- Economic Growth – to prioritise new ways of delivering investment and sustaining revenue streams. This will include support for continued growth in housing and business.
- Partnership – to build on existing successful delivery partnerships such as LGSS, Northampton Partnership Homes and the Leisure Trust.
- Community Empowerment – to deliver a clearly defined community-led approach that enables the delivery of ongoing service improvements and financial savings.

3.2.20 Financial savings resulting from these workstreams will be identified and quantified over the next 12 months. Other opportunities to narrow the budget

gap will also need to be identified, including both savings and increased income.

General Fund Revenue Budget 2016/17

3.2.21 The Cabinet met on 16th December 2015 and recommended proposals for consultation. The headlines were:

- No proposed Council Tax increase, for the Council's own purposes, for 2016/17, and an indicative nil increase for planning purposes in future years.
- A General Fund Budget of £29.4m, excluding parish precepts

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

Summary of Changes since Cabinet December 2015	Budget 2016/17 (£)
Continuation Budget Changes (net changes)	5,526
Technical Changes to Corporate Budgets	(72,000)
Parish Precepts	22,923
Contribution to/(from) Earmarked Reserves	179,302
Total Changes to Net Budget	135,751
Changes to Funding	
Revenue Support Grant	274,797
Transition Grant	(23,746)
Business Rates	125,045
New Homes Bonus	(165,535)
Parish Council Tax	(22,923)
Collection Fund Surplus	(323,389)
Total Changes to Funding	(135,751)

3.2.23 The proposed net budget for 2016/17 is shown in Appendix 4 and summarised in the table below. A balanced budget has been achieved through the Council's prudent financial management and continued commitment to delivering efficiency savings. A contribution to reserves of £2.9m will help to deal with budget pressures arising in the medium term, in particular in relation to the provision of waste collection services. The likely future cost increases are being proactively managed by gradually increasing the budget rather than having a substantial hit in one year.

Description	2016/17 £000s
Service Base Budget	28,214
Savings	(665)
Growth	355
Corporate Budgets	(175)
Contribution to Reserves	2,872
Net Budget	30,601
Revenue Support Grant	(3,256)
Transition Grant	(24)
Business Rates	(7,452)
New Homes Bonus	(4,910)
Council Tax	(14,426)
Collection Fund Surplus	(533)
Total Funding	(30,601)
Savings to be identified	(0)

Council Tax

3.2.24 In the final settlement the Secretary of State has set a referendum trigger of £5 per year increase in the Band D Council Tax, which will apply for all principal local authorities in 2016/17. It does not currently apply to local precepting authorities (Town and Parish Councils). Authorities with social care responsibilities are allowed to increase their Council Tax by a further 2% with the funds generated ringfenced to social care.

3.2.25 The draft budget for 2016/17 assumed a continuation of the Council Tax freeze as delivered in previous years. The Council Tax freeze grant received in previous years has been subsumed into the baseline for settlement funding assessment. Government funding forecasts assume a 2% pa increase in Council Tax as part of each authorities core funding.

3.2.26 The Band D Council Tax (excluding parishes) for the last 5 years is shown in the table below:

	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Northampton Borough Council	209.57	208.19	207.91	207.91	207.91
Northamptonshire County Council	1,028.11	1,028.11	1,048.57	1,069.02	TBC
Northamptonshire Police & Crime Commissioner	193.20	193.20	197.04	200.96	TBC
Total	1,430.88	1,429.50	1,453.52	1,477.89	TBC

General Fund Capital Programme 2016/17 to 2020/21

3.2.27 The proposed General Fund Capital Programme and Funding for the next 5 years is detailed in Appendix 7 and summarised in the table below. All proposed schemes have been reviewed, challenged and prioritised by the Capital Programme Board.

3.2.28 The value of the proposed programme for 2016/17 is £14.532m. and includes new schemes in support of the continued regeneration of the borough, including significant improvements to St Giles Street.

3.2.29 Self-funded schemes in relation to car parking at Midsummer Meadow and CCTV upgrade will be subject to the completion of detailed business cases to demonstrate that the investment can be repaid from resultant income or revenue savings. The scheme to extend St James Mill Link Road is subject to the confirmation of Local Growth Fund grant and the use of future uplift in Business Rates income.

3.2.30 The proposed capital programme can be contained within existing resources over the 5 year planning period. It does however include the bringing forward of resources from later years into 2016/17 and, subject to the profile of capital receipts, some short term borrowing. This will not have any net impact on revenue budgets.

3.2.31 The scale of the capital programme, particularly major schemes such as the Vulcan Works, Central Museum and Delapre Abbey, inevitably creates risks. Expenditure on these schemes will be closely monitored and mitigating actions taken to minimise any potential overspends. Where budget increases are required additional external funding sources will be identified.

Description	Budget 2016/17
	£000s
Disabled Facilities Grants	1,875
IT Improvements	215
Town Centre Improvements	2,245
Heritage and Culture	5,340
Block Programmes	1,120
Enterprise Zone Schemes	1,000
Other (as detailed in Appendix 4)	2,737
Total GF Capital Programme	14,532
Funding Source:	
Borrowing (incl. self-funded)	5,712
Growing Places Fund/ Local Infrastructure Fund	438
Capital Receipts	2,250
Grants & Developer Contributions	6,132
Total Funding	14,532

Earmarked Reserves and General Fund Balances

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

3.2.33 A review of the 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. A specific reserve of £500k has been set aside to fund activity linked to the recovery of monies in relation to Sixfields, and, in line with the report to Cabinet in November 2015 potential successful recovery of monies would replenish reserves in the future. The reserves position following this review is set out in Appendix 8.

3.2.34 As part of the budget process the Council determines a prudent minimum level of General Fund balances to hold against general risks. This minimum level is

designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year. It is informed by a risk assessment, which currently suggests that £5.3m would be a prudent level of general reserves. This is a slight increase from the assessed level in previous years, reflecting increased funding uncertainties. It is however slightly lower than the actual level of general reserves held as at March 2015.

Robustness of Estimates and Adequacy of Reserves

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

Fees and Charges

3.2.36 The schedule of draft Fees and Charges for 2016/17 is attached at Appendix 10. The Cabinet is recommended to agree the fees and charges that have been reflected in the budgeted income figures. These figures have been reviewed through the Medium Term Planning process and updated where feasible.

Treasury Management Strategy

3.2.37 The Treasury Management Strategy 2016-17 at Appendix 11 sets out the Council's policy for its debt and investment portfolios over the next financial year. It is reviewed annually and reported to Cabinet and Council as part of the budget setting process. The purpose of the strategy is to establish the framework for the effective and efficient management of the Council's treasury management activity, including the Council's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse. The resources required to deliver the Council's Treasury Management Strategy and policies over the next five years are incorporated into the Council's HRA and General Fund revenue budgets.

3.2.38 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.

3.2.39 The Treasury Management Strategy also includes the Council's policy on borrowing in advance of need and its counterparty creditworthiness policies.

Next Steps

3.2.40 The Council meeting on 29th February will consider the recommendations of this Cabinet in relation to the expenditure and tax proposals that relate to the Council's own spending.

3.2.41 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 29 February 2016 in any event.

3.3 Choices (Options)

3.3.1 It is recommended that Cabinet make the recommendations to Council as detailed in section 2 of this report, taking into account the items detailed for noting.

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

4. Implications (including financial implications)

4.1 Policy

4.1.1 The revenue and capital budgets are set in support of the Council's priorities and within the context of the Medium Term Financial Plan and Capital Strategy.

4.2 Resources and Risk

4.2.1 The resource implications are detailed throughout the report and appendices.

4.2.2 The robustness of the estimates and adequacy of the Council's reserves are subject to a separate report.

4.2.3 A report on risks and the 2016/17 budget was also considered by the Audit Committee at its meeting on 18th January 2016.

4.3 Legal

4.3.1 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.

4.3.2 The authority has specific legal duties in relation to equalities and financial decision making – see 4.4 below.

4.4 Equality and Health

- 4.4.1 The Public Sector Equality Duty (PSED) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out its activities. Failure to comply with this duty would be challengeable in the courts.
- 4.4.2 Equality and diversity were considered as part of each of the medium term planning options submitted. Equality impact assessments are 'living' documents and will be updated to take into account relevant feedback from the consultation process. Where these documents identify mitigating action, this will be undertaken in implementing the relevant option should it be taken forward and approved in February 2016.

4.5 Consultation

- 4.5.1 The consultation 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.
- 4.5.2 Public consultation commenced 18 December 2015 and ended 31 January 2016. The consultation period will formally close on the date the budget is approved in February 2016.
- 4.5.3 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 sought in relation to the budget options proposed and respondents were also invited to suggest any other ideas that would achieve savings or improvements.
- 4.5.4 The Council's dedicated budget information web pages received over **400** visits and **90** people completed online questionnaires. More than **2** out of **3** respondents agree with proposals to freeze council tax. However, almost **7** out of **10** respondents would be willing to pay more to help protect or improve services. Full results, including comments on proposals and alternative suggestions are available in Appendix 1.
- 4.5.5 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 20 January 2016. The views of the Overview and Scrutiny Committees are reported in Appendix 2.
- 4.5.6 Audit Committee reviewed the budget proposals from a risk perspective on 18 January 2016. The key risks identified are reported at Appendix 3.

4.6 How the Proposals deliver Priority Outcomes

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

4.7 Other Implications

4.7.1 None not already covered above.

5. Background Papers

5.1 None

5.2 Appendices

1. Consultation Responses – Public Consultation
2. Consultation Responses – Overview and Scrutiny Committee
3. Consultation Responses – Audit Committee
4. Proposed General Fund Revenue Summary 2016/17 to 2020/21
5. General Fund MTP Savings Options
6. General Fund MTP Growth Options
7. Proposed General Fund Capital Programme and Financing 2016/17 to 2020/21
8. Schedule of Earmarked Reserves
9. Key Medium Term Financial Issues
10. Draft Fees and Charges 2016/17
11. Treasury Management Strategy 2016/17
12. Capital Strategy 2016 to 2021

David Kennedy, Chief Executive, ext 7726

Glenn Hammons, Chief Finance Officer, 01604 366521

Northampton Borough Council

Budget Proposals 2016 Consultation results

Report owner:

**Glenn Hammons
Chief Finance Officer**

February 2016

1 Executive summary

In December 2015 the Council launched a consultation which looked at the budget proposals for 2016/17. Comments were invited over a 6 week period, ending on 31 January 2016.

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
- Almost **7** out of **10** respondents would be willing to pay more to help protect/improve services

2 Introduction

- 2.1 On 16 December 2015 Cabinet approved for consultation their draft budget proposals for 2016/17, indicative budgets for 2016/17 to 2020/21 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 17 December 2015 until 31 January 2016. 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 2016.
- 2.4 The consultation period will formally close on the date the budget is approved in February 2016.
- 2.5 This consultation followed the principles set out in the Council's Consultation Toolkit and industry standard guidance on best practice in consultation.
- 2.6 This report contains the results to the draft budget 2016/17 consultation. They will be used to by the Council as part of the process for informing priorities for the Council's Corporate Plan and for setting a balanced budget (including a capital programme).

3 Methodology

- 3.1 Residents, businesses, and other stakeholders were invited to provide feedback on the proposals for the draft budget during the consultation period and support was made available to maximise involvement and understanding of the proposals.
- 3.2 People were able to engage in a range of ways:
 - **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;

- **Advertised through social media**
- **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;
- 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 2016;
- Council's budget proposals debated at **the Council's Community Forums** (Young Persons Forum, Women's Forum, Diverse Community Forum, LGB People's Forum, Pensioners and Disabled People's Forums) during January 2016;
- **Engagement** with our key stakeholder and partners ;
- Meeting of the **Overview and Scrutiny** Committee in 20 January 2016;
- **Audit Committee** Meeting 18 January 2016

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 (87)

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 (47)

Q4. **Alternative proposals**, including anything else we could do to achieve savings and/or any other comments in respect of budget options for 2016/17 and beyond? Comments (35)

*Full details are available at **section 8***

*Consultation demographic information is available at **section 9***

5 Findings

- 5.1 **90** completed online surveys were received as at 31 January 2016 (compared with **90** in 2015, **129** in 2014, **120** in 2013, **272** in 2012 and **149** in 2011). Responses contained **90** free form comments which include concerns about potential impacts on the community and alternative proposals for efficiencies. Full consultation results are available at section 8.
- 5.2 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)

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 2016-20.

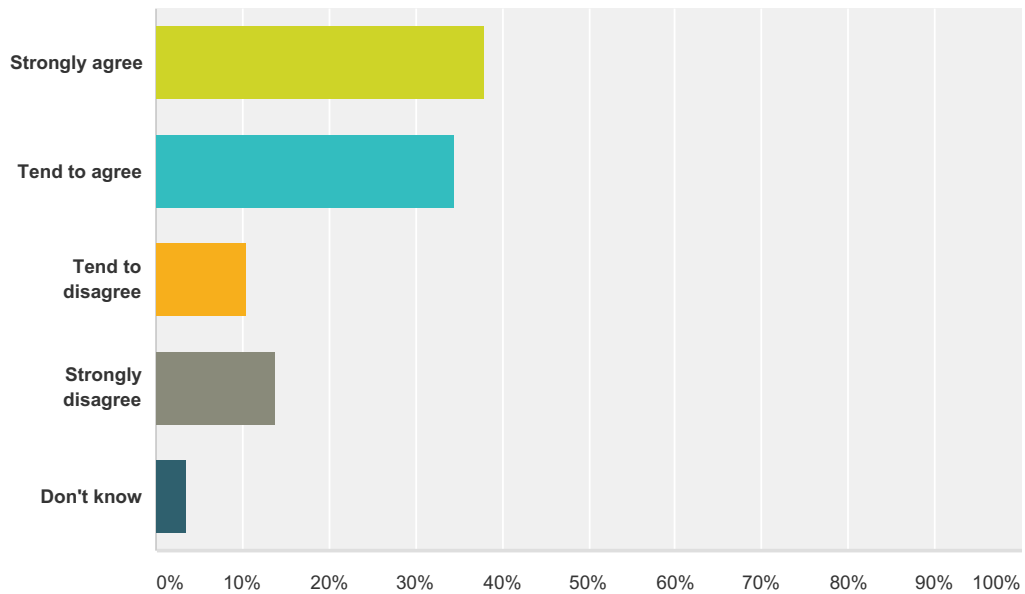
7 Equalities

- 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 section 10 .

8 Draft Budget 2016/17 Consultation Results - Survey Monkey

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?

Answered: 87 Skipped: 3

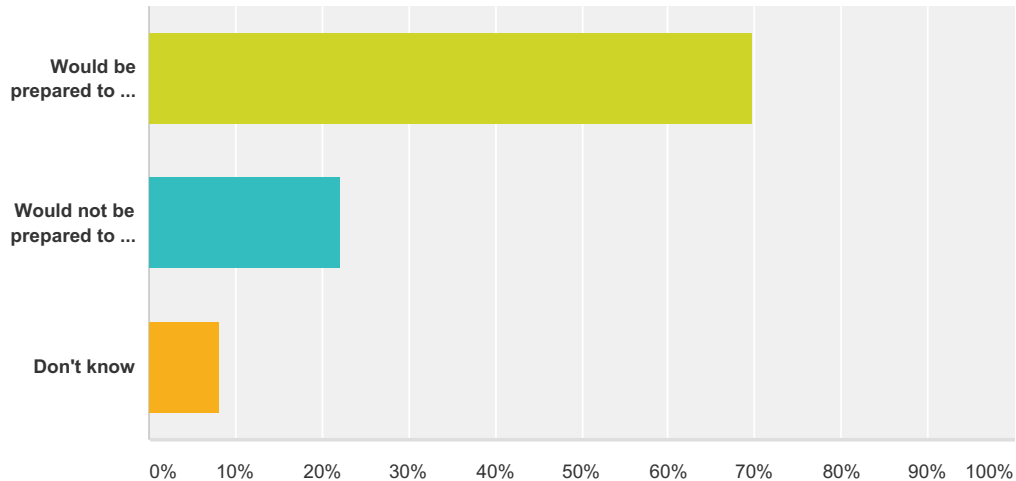


Answer Choices	Responses	
Strongly agree	37.93%	33
Tend to agree	34.48%	30
Tend to disagree	10.34%	9
Strongly disagree	13.79%	12
Don't know	3.45%	3
Total		87

8 Draft Budget 2016/17 Consultation Results - Survey Monkey

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 £130k to spend on services.

Answered: 86 Skipped: 4



Answer Choices	Responses
Would be prepared to pay more	69.77% 60
Would not be prepared to pay more	22.09% 19
Don't know	8.14% 7
Total	86

#	Please use this space for comments that will help us understand your response	Date
1	i would be prepared to pay, upto 1.99% as previously discribed in the budget papers, however these rises need to be sufficiently communicated in terms of their benefits. For example as an employee my recent payrise was 1.2% so similar impacts need to be considered council tax payers will need to adjust their budgets to accomidate any rises	1/20/2016 9:05 AM
2	The council tax is probably the most effective and equitable means of collecting revenue.	1/19/2016 7:11 AM
3	THIS IS A TEST in response to customer feedback - please ignore.	1/18/2016 2:25 PM
4	I realise the budget from central government has been cut ...and now councils have less money to work with..I dont think its a good idea to cut services to stretch the money...if cuts are to be made cut them from top to bottom instead of bottom to top...ie cut high wages cut expenditures on councillors cut wages above the average earners...then see what money can be saved ...I would gladly give another £5 to £10 a month to keep services up to scratch...perhaps get involed with the public more often..hold meetings to see if you can get volunteers ..with a small gift for them...a failing town can be seen from the outside...invest in the market property ...ie buying land that is a waste site and build for the community ...ask the community what they want and make a venture ...make it pay with no or little profit...support small businesses and the market try and keep the rates reasonable to make them a profit..keep heritage ...promote the town side with local towns to come up with ideas on how to help each other ...keep the town clean...give the public a town to be proud of ...locals that have lived here all thier lives should be more involved and have more of the say...bring back council staff that are qualified in areas...monitor where the monney is spent and inform the public what has been achieved and thank them for thier support. ..be more transparent. ...pennies saves pounds...thank you...	1/16/2016 10:41 PM
5	As long as it is used on projects that serve the whole area and not just 1 small part of it.	1/16/2016 9:20 PM
6	I am not confident that this council would be really utilising extra funding to valuable use , or divert the extra cash to right area. There is just too much wastage and unproductivity .	1/12/2016 8:00 PM

8 Draft Budget 2016/17 Consultation Results - Survey Monkey

7	I believe that it is a no brainer to increase council tax. If you do not you will be unable to provide the services to the public which is what you're supposed to be doing.	1/7/2016 12:06 PM
8	I see some council staff wandering around town centre means there is not enough work load for these individuals hence require Lean organisation which has work to do	1/7/2016 11:52 AM
9	AS LONG AS NBC IS WILLING TO ENFORCE PARKING ORDERS NEAR THE BUS STATION ON BRADSHAW STREET , NEAR ENTRANCE /EXIT WHICH IS OVER RUN BY ABUSIVE, HOT TEMPERED TAXI DRIVERS 24 HOURS A DAY , 365 DAYS. THIS DRIVERS ARE CAUSING PANIC , HAVOC , ARE DANGER TO PUBLIC , BUS DRIVERS , AND CONSTANTLY OBSTRUCT THE EXIT /ENTRANCES AT PARK INN. THERE IS DOUBLE YELLOW LINE , BUT NBC SEEMS TO BE TURNING A BLIND EYE AND NOTHING EVER SEEMS TO BE DONE . WHY IS BOUNDS COMPANY GIVEN THAT SPECIAL RIGHT ? WHY IS NBC NOT DOING ANYTHING ? WHY ARE THE DRIVERS OR THE COMPANY GIVEN ENFORCEMENT NOTICES? THIS MUST BE THE ONLY COUNCIL WHO IS NOT PREPARED TO TAKE ANY ACTION AGAINST THIS WELL DOCUMENTED COMPLAINS.	1/5/2016 8:44 PM
10	Council Tax has remained the same since 2010. Although the rate of inflation is close to zero at present, it has been well over 1% (generally over 2%) for most years since 2010. I accept the need to keep public spending under control but consider a modest rise of 1% or even 1.5% to be more than acceptable under the circumstances.	1/5/2016 6:20 PM
11	It has been frozen for long enough. Government restrictions have been relaxed a little.	1/5/2016 3:14 PM
12	I am confused with the first question regarding freezing council tax because I have been told that the council have already approved a 2% rise therefore this is contradictory	1/1/2016 11:09 PM
13	I am slightly confused by the first question regarding freezing council tax because I understand the council are planning an increase therefore this is contradictory	1/1/2016 11:03 PM
14	1% increase means a £9 increase a year to me which would equate to a £1 a month increase in my payments, as across the county that means so much money in total I would not object especially if there were more worthwhile, evident changes in place, I would even go as far as saying that I would go to 2% if the changes were more significant.	12/30/2015 3:10 PM
15	As long as the rise was kept to 1%	12/28/2015 5:25 PM
16	For the Police to actually police the town and not use a bunch of amateurs. Perhaps they could do something about the spate of robberies and muggings happening. And to not ask for witnesses on social media but do nothing themselves! The council to improve the roads so we can save our car suspension from being wrecked by pot holes!	12/23/2015 12:31 AM
17	I am highly skeptical with respect to the Councils's abilities to manage the funds it already has. Too much money has been wasted on ludicrous spending on useless sports equipment as well as very stupid and irresponsible investment in things such as the ill fated Football Club! I therefore feel very strongly that my money should not be wasted and as such cannot in any way support an increase!!!!	12/22/2015 4:17 PM
18	Not particularly impressed with how the money you currently have is being spent, without you getting even more	12/22/2015 11:03 AM
19	Council tax is already high	12/21/2015 4:30 PM
20	There are 10 able bodied adults working in our house and whilst we recognise that not everyone could afford to have the increase given that we could we'd be happy if it went to improve services for those who are less fortunate especially the elderly those with mental health problems and services for children and young people.	12/21/2015 11:17 AM
21	A 1% rise should be implemented. Otherwise it'll only be a 2% rise later.	12/20/2015 5:29 PM
22	We feel that the Borough staff provide exceptional services. We have just two concerns. 1. THE £10,000,000 given to the football club. Why was there a need to give away such a huge sum when there is pressure on vital services because of Central Government cuts? Why was the money not paid in installments? Who made the decision to pay the money to the football club? Has this person been disciplined? Who's account was the money paid into? What investigation has been made to locate /return the money? 2. The ridiculous ammount of funds paid to taxi firms to transport children to schools every day. I appreciate that this waste of public funds is down to the County council. However the Borough no doubt negotiate with the County on use of funds.	12/20/2015 12:08 AM
23	There is still a lot of money being wasted.	12/19/2015 9:11 PM
24	I see waste in some places. Please focus on value for money first. For example, the police doing speed checks immediately in front of a junction, community payback supervisors working sundays, support for private schooling.	12/18/2015 11:38 PM
25	If a small increase was spent wisely the benefits to the taxpayers in general would be well received	12/18/2015 8:44 PM
26	I would like to be clearer as to what it would be spent on, before I could commit to paying more. As usual the budget includes no real advantages for pensioners.	12/18/2015 4:26 PM
27	why freeze yet again. people can afford a small increase especially if it protects services	12/18/2015 9:55 AM
28	I use very little of the services provided	12/18/2015 8:29 AM

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29	I don't like having to pay twice for services, once through general taxation and again via council tax, but freezing council tax for councillor's party political and personal interests does not serve the needs of Northamptonians. It's not a commitment to us - it's to try and make councillors more popular and therefore more electable. I don't pay taxes to be 'saved' - I pay them to be spent on services that benefit both me and society	12/17/2015 4:18 PM
30	I would support an increase provided that the extra revenue went on necessary expenditure (e.g., more police, reviving the town centre) and not more specialist employees or executive salary increases. Any increase should be matched by a similar decrease in high management salaries and Councillor's remuneration	12/17/2015 2:13 PM
31	I would be prepared to pay more for specific services i.e. adult social care. The money must be ring fenced.	12/17/2015 9:03 AM
32	I am dependant upon benefits due to ill health, I have suffered badly by the welfare reforms where my income has decreased greatly, and also being subjected to the Bedroom Tax and now having to pay Council Tax- The quality of my life is now non-existent as I no longer have any disposable income, My life would be a living hell if you increase taxes any further. Please only increase taxes where people do have disposable income, don't punish the poor, the disabled, or those that are ill.	12/17/2015 6:31 AM
33	What would the £130,00 be used for, old or new project, employment, growth. Depends entirely what the £130,000 is used for, no one wants to give money to something they do not know who will benefit!	12/16/2015 11:45 PM
34	Depends on the service that is being improved or protect. Its usage, its area of coverage, its real need and ability. Its not a simple answer. Every penny has to be used properly and wisely placed.	12/16/2015 11:07 PM
35	The County Council is proposing a tax rise so that it can waste more and be the tail that wags the Northampton dog.	12/16/2015 10:33 PM
36	We all have to do our bit for the community and it is about time we pay a little more after a number of years of no council tax rises. You must make sure that the services are run as efficiently as possible and demonstrate evidence of this.	12/16/2015 10:31 PM
37	But not much more than 1 max 2%	12/16/2015 10:21 PM
38	Would prefer to see efficiencies made first, not just service cuts, but looking at the way things are done and taking the waste out of procedures and processes. I would be prepared to pay more for police and fire services, but not 'nice to haves' like Northants Enterprise Partnership, Christmas lights, council dinners & hospitality etc	12/16/2015 8:51 PM
39	The disabled be they young or older along with the elderly and deprived children are being made to suffer as you cut the budgets for these vulnerable residents.	12/16/2015 7:59 PM
40	I don't feel I should respond as I receive partial Council Tax Benefit.	12/16/2015 5:46 PM
41	I would be prepared to pay more if it was to increase Police presence	12/16/2015 4:07 PM
42	We Need to, Not just maintain but improve our levels of services. This must happen in all areas, not just the areas which score political points.	12/16/2015 3:29 PM
43	Because I believe you have consistently shown the ability to spend revenue raised in an entirely irresponsible manner. Why on earth would I want to give you more to waste?	12/16/2015 3:20 PM
44	If this meant a difference to frontline support of the more vulnerable in our community then I would be prepared to pay more.	12/16/2015 2:58 PM
45	I would be prepared to pay a small extra amount. It would be helpful to know what amount could be raised by a % rise.	12/16/2015 2:50 PM
46	I cannot understand why the council is so ready to reduce the subsidy to those on the very lowest income yet freeze it overall? From the evidence supplied the council is not freezing council tax at all, it is actually increasing it for 16,000 of the poorest across communities whilst protecting the most wealthy from any increase at all. This is morally objectionable and I would personally rather pay extra that I can afford than force those unable to pay to tighten their belts even more. Many of those will be the disabled and carers who have no ability to work. To them this is an increase they have no choice but to pay, I cannot fathom how protection is not in place for such people?	12/16/2015 2:35 PM
47	If the funds were spent as they should be on things such as road repairs, additional policing, healthcare etc	12/16/2015 2:23 PM

Q3 A challenging programme of internal cost-cutting measures is proposed to tackle the shortfall and prevent the budget gap growing even further in 2016/17. At the same time, to promote growth, there will be a focus on investment in the borough. These proposals, if/when agreed, will help the Council balance its budget for 2016/17. 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 in February 2016.

Key proposals:

- Continue to fund the opening hours of Abington Park Museum during the winter months**
- Invest in a fireworks display and Christmas Market/events in Northampton to attract visitors and boost the local economy**
- Continue to Invest in Northampton in Bloom to provide an all year round, providing floral displays to help improve the look of the town**
- Invest in an enhanced proactive tree management service for the next five years, based on the requirements of a revised Borough Council tree policy**
- Reduce funding to the Royal and Derngate Theatre**
- Increase the amount of Houses in Multiple Occupation fee income**
- New funding arrangements for homelessness prevention**

A detailed list of the draft budget proposals and background information can be found on our website. 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: 47 Skipped: 43

#	Responses	Date
1	All of the proposals are sound, however i feel greater focus and enforcement as well as fee income should be sourced from HMO landlords	1/20/2016 9:08 AM

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2	There are numerous firework displays throughout the year and for literally tax payers money to go up in smoke does not seem the most judicious use of finances; this does not help to support sustainable tourism. There is currently a huge demand for rented accommodation and proposals to increase the fee for HMOs will see more landlords and properties leave the market creating more of a burden on the council in terms of its responsibilities with regard to housing. This proposal seems somewhat myopic, seeing one area for immediate revenue increase whilst ignoring the impact it will have in the medium to long term.	1/19/2016 7:16 AM
3	Yes its a good idea to keep all the parks clean ...so why only abbington..if you hold events in different parks then the local people of that park would attend...as for fireworks events how many in the year would there be...November the 5th is the only day there should be fireworks...you have to think of the elderly and animals when holding these events... the christmas markets great idea but who gets what ...who gets the plots ...what revenue is bring made by holding them...think of the costs it makes when holding the markets...ie rubbish..the police..disruption to other businesses ...ie shops outside the town...they could be held just the weekend...I cant comment on the tree thing...neither the housing thing ...except outside of town there should be more flats 1 or 2 bedrooms to take the influx...homeless people should be engrouraged to be part of the community and to be respected as a person help lines and shops should be open to them to talk to....	1/16/2016 11:45 PM
4	All of the above with the exception on reducing funding for the Royal and Derrgate, there funding should be fixed or increased.	1/16/2016 9:25 PM
5	Alive concerts in Delapre park should continue, if not directly with the council , then it should be sub contracted. the organisation and acts has been very good.	1/12/2016 2:18 PM
6	Northampton in Bloom - personally didn't think it was that impressive and not sure if it brings additional money/footfall into the town centre? Fireworks, Christmas Markets - all nice to do, but unless they bring additional money into the town centre I think that they can be cut. Abington Park Museum - reduce the hours for winter.	1/7/2016 12:09 PM
7	Reduce rent value in Abington street hence vacant shops are let Sale of public property is to controlled by independent penal not elected to put into public use in productive way There are number of incidents involving elected councillors	1/7/2016 12:03 PM
8	BRING MORE ENFORCEMENT ON THE DRAPERY WHICH IS USED AS A RAT RUN , WHY ARE CARS ALLOWED TO GO THROUGH WHEN THIS IS FOR BUSES ONLY. CARS , TAXIS ARE CAUSING UNWARRANTED BLOCKAGES AROUND HERE AND SHEEP STREET. REMOVE ALL CAR PARKING FROM THE SHEEP STREET AND MAKE IT CLEAR AND VISIVLE AND EASY FOR POOR BUS DRIVERS. YOU LOT DO NOT DRIVE BUSES SO DON'T SEEM TO REALISE HOW DIFFICULT AND DANGEROURS IT IS FOR BIG BUSES TO PASS EACH OTHER. THINK AND CLEAR THE SHEEP STREET . WE ALSO WANT MORE CHECKS ON BLUE BADGE HOLDERS WHO SEEM TO MISUSE AND ABUSE , OR ARE FRAUD. GET THE TAXI DRIVERS OUT OF BRADSHAW STREET /COLLEGE STREET. ARE THEY THE KINGMAKERS OF THIS AREA.	1/5/2016 8:44 PM
9	I strongly approve of the investments in Northampton in Bloom and the tree management service. I also approve of opening the Abington Museum in winter. I feel neutral towards the firework display but think that NBC should try to get better value from the Christmas Market. I am concerned about the homeless situation and the effects the new funding arrangements might have. I would like to see the Council look into this issue more thoroughly.	1/5/2016 6:32 PM
10	Fireworks Far more important things to spend that amount on. German market not popular. Novelty worn off. Better to reduce stall rent on weekly market to encourage local producers to have stalls. Continue to enhance town with floral displays Tree management vital. Many traffic signs/ signals are obscured by overgrowth. Agree with reducing theatre support Agree with multiple occupancy landlord increases. Concerned that these properties will be springing up south of the town due to uni. We think NBC Website could be better managed, it can be very difficult to find what we want due to non customer friendly vocabulary & the need to make several clicks to get just one step ahead.	1/5/2016 3:44 PM
11	I wish to comment on the first three proposals, whilst I do believe it is important for Northampton to be attractive to visitors and businesses, I am concerned that investing money to maintain an image could detract from providing essential services to the community especially those most vulnerable such as children and elderly. I am unsure how the budgets for the borough and county council are managed but I guess separately because the County Council have announced they need to cut 77million and both children's Services and council owned elderly care homes are due to be cut. It would help to have more information on what the costs are for keeping Abington Park Museum open during the winter because this is not an essential service neither are funding firework displays because I am sure some local businesses would be willing sponsor along with the floral displays in return for free advertising.	1/1/2016 11:31 PM
12	I shouldn't imagine that there are that many visitors to the Park museum in the winter months but making the town look welcoming and inviting will encourage more people to visit and stay within the county. however there always seems to be an abundance of firework displays and when here is a free one there always appears to be parking chaos before and after due peoples selfish attitude to parking?driving in general, and always causes problems for local residents where ever you move it to. The problem with removing funding for Royal and Derrgate is that they are already overpriced so there would be even less support and as there are no other major venue nearby, it would give people even more reason to go to Milton Keynes	12/30/2015 3:23 PM

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13	Fireworks display & Christmas market - There is too little provision for parking at the Race Course for the fireworks display & no traffic management. In the current financial climate I think a display at one of the sports grounds where they have plenty of parking would be better, & a German Market should be at zero cost to the tax payers. Northampton in Bloom does make a difference to the town, but should be sponsored more by businesses, garden centres, etc. Tree management is needed, as too many old trees are not being cut back & only get attention when they have branches falling off, which is a danger to the public. All HMOs should be registered & inspected as many are springing up in terraced property, increasing fly tipping, anti social behaviour & problems with parking. Is there a reporting mechanism for residents to inform NBC when they suspect there is a HMO near them? if not, this should be done.	12/28/2015 5:37 PM
14	Are there sufficient visitors to the Abington Park museum to warrant that???	12/23/2015 1:21 PM
15	Fireworks display: Ditch unless breaking even or making money Northampton in Bloom all year around: Yes, the town needs brightening up. Don't need flower sculptures or works of art, just nice plants and flowers dotted around. Theatre funding: Why do they get funding anyway? It is not an essential council service and so given the current financial climate, I think funding should be withdrawn completely, perhaps in a staged approach in order for them to factor it in and make allowances. HMOs: Agree and perhaps you can up fines for consistently bad landlords, then you are solving multiple problems Homelessness: Didn't see this proposal but I would support more being done to prevent and help homeless people	12/23/2015 11:18 AM
16	Be handy if the website actually opened instead of being "Unavailable"	12/23/2015 12:37 AM
17	Reduce Funding - Continue to fund the opening hours of Abington Park Museum during the winter months Address this issue and that is not by Increasing the amount of Houses in Multiple Occupation fee income Reduce funding to the Royal and Derngate Theater if needed Increase the amount of Houses in Multiple Occupation fee income New funding arrangements for homelessness prevention - Priority for the Town I would think	12/22/2015 11:34 AM
18	From an environmental point of you are not impressed with how many trees and fields are being lost to new housing as it is, it is a shame if the entertainment of the theatre is going to be cut down, further reducing the cultural impact in the town	12/22/2015 11:05 AM
19	The link doesn't work here or on the NBC website but I would be interested in knowing more about the increase fee to HiMO and new funding arrangements for homeless prevention. Not interested in more money being chucked at the fir work display but do appreciate attempts to get trade back into the towncentre. Also looking after our environment and a proactive tree management strategy is important but not over affordable rented accommodation which seems to be a big need in the Borough.	12/21/2015 11:24 AM
20	I agree with all the above key proposals	12/19/2015 2:53 PM
21	Put proper lane narrowing in on ladybridge drive near the park. Promote increased use of volunteers for the museums. Get real..do not waste money on fireworks when you cant finance mental health properly. Charge higher rates for thw swan valley warehouses.	12/18/2015 11:44 PM
22	I would be wary of too much reduction in support of Royal and Derngate not something I would like to see degenerate or be lost	12/18/2015 8:48 PM
23	Disgusted that you should consider reducing the the grant to the Royal & Derngate by £50000 at the same time as spending £75000 on fireworks and a Christmas market. You are always keen to stress the town's cultural quarter, yet reduce the funding of cultural activities. You might consider things that the older generation could also enjoy - most of us over 70s would not (and could not) attend a firework display or be able to visit a Christmas market. Our bus service from East Hunsbury does not even have the luxury of stopping/waiting in the new bus centre - so you don't visit town in winter because of cold waiting in the Drapery. Also the enjoyment of the Royal & Derngate is now curtailed for many older people, as all the nearbyground level parking has been removed	12/18/2015 4:46 PM
24	I think priority should be attract more high quality shops to fill all the empty premises before paying for flowers to make it look pretty	12/18/2015 8:33 AM
25	Northampton in Bloom Council Tax Rebate	12/17/2015 4:28 PM
26	The above proposals are all worthy of continuation,However will the council offset some of the cost by MAJOR sponsorship from large organizations (not Fred's Chip shop !)	12/17/2015 2:19 PM
27	I support all of the key proposals but would question spending money on fireworks and Christmas events to attract visitors unless you firstly improve the lifts in the Grosvenor Centre. Three have been out of order for the last few weeks at the busiest time of year. Tthe stairwells in the car park are wet, littered with empty alcohol bottles and reeking of urine. Not a pleasant welcome to Northampton.	12/17/2015 9:10 AM
28	I would not support the museum	12/17/2015 8:18 AM
29	I believe that you have a responsibility to look after all of your citizens, and to provide the help, care and support where it is required, You should concentrate on this as your first priority, then and only then if there is any income left over to spend it on frivolous schemes, such as, opening up the road in Abington Street and spending £3m on St Giles St, only a very few residents of Northampton benefit form this sort of expenditure. I also believe that the senior executives of NBC do not offer value for money by paying them such vast salaries, when our basic services are so poor.	12/17/2015 6:45 AM

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30	<p>Sponsorship from businesses to aid in their marketing, but also it will alleviate the strain on the councils coppers and still keep the Northampton in bloom. The Abington Park Museum, can make a nominal charge to help reduce to cost to the council, 10p per visitor, with an explanation of why there is a charge and how it is helping the community. Close winter time, or hold special openings with guest speakers that can talk to school children about the history of the area and the war. Arrange projects in school to research building, backgrounds. All dne without council paying people to do it. The fireworks is costly, but you have to weigh it against the creation of community spirit, the reduce in home firework accidents, revenue created at such an event if money does come back to the council in some form or another. A tree policy is important, as councils build here there and everywhere you need to retain areas for children and family's, embrace nature, learn, relax, get a clear mind and joyful, away from work. Trees, produce oxygen, we need as many as we can as the amount of cars on the roads in Northampton are increasing every year, cleaner mind and air! The Royal and Dergate Theatre should be a free standing business, with the correct money management and marketing. It should have a full calender and able to keep the crowds coming with specific business marketing, sponsorship involvement, charity involvement, be somewhere that is an iconic venue to entertain at all levels. The funding and arrangement for homeless prevention, needs a place, similar to student rooms, specific for homeless, room, bed, sink, table and chair, is a start, for others to move forward, a hand up, not a wasted hand out achieving nothing but a short term, reduce to a measured level of homeless. A hostel/hotel, with strict guideline and rules, people do not want pity, but help, make it possible for people to get help from all the relevant services and all talk from the same sheet, not go here, or go there, or you need this. Just help one at a time and be practical in helping to reduce the problem, not create more. Options are there, for everything, but people have been so closed minded and locked in their position to actually look outside and think, what else can we do, it does not cost lots or needed mindless over fed party members to arrange a costly meeting to actually THINK!! and usually waste time and money on achieving nothing. Realise the main factors that each has on the community, some actually have minimal to none, how many use or are involved in each, are you talking about redundancy or growth. Think outside of the box Give me a job and I will show you. P.S. The link to the website, does not work for me, don't know if it is a PC or Mac thing.</p>	12/16/2015 11:47 PM
31	<p>I see you are putting your pro=active tree management service into effect by destroying that beautiful copse at the end of Booth Rise, making this entrance to the town just as crappy as the Sixfields entrance.</p>	12/16/2015 10:37 PM
32	<p>I would rather see continued level of support for Royal and Dergate and restricted opening of Park museum during winter months</p>	12/16/2015 10:24 PM
33	<p>I disagree with reduce funding to the Royal and Dergate Theatre just as it is starting to get better productions.</p>	12/16/2015 10:21 PM
34	<p>Cut the Christmas market, it just makes Abington St even more cluttered and when I go into town at lunchtime, there is little trade. Forget fireworks - literally burning money Open Abington Park museum on weekends only in winter. Agree ref Northampton in bloom. Agree ref tree management. Agree ref Royal & Dergate Yes we need to reduce homelessness (and immigrant numbers for that matter).</p>	12/16/2015 9:16 PM
35	<p>All these are minor proposals in comparison to the major cuts to care services etc which I strongly disagree with.</p>	12/16/2015 9:08 PM
36	<p>Get sponsorship to fund the fireworks displays and the various events in Northampton that attract visitors. this year' Christmas Market is a poor copy of the one held last year. Northampton in Bloom also should be sponsored. Increase the HMO fee by at least 200% and demand that all HMOs are fully licensed. ensuring that this money goes towards funding and prevention of homelessness for all residents of NBC.</p>	12/16/2015 8:10 PM
37	<p>I think any investment that brings interest/revenue to the town is good. I cannot comment on the theatres as I can't afford to go.</p>	12/16/2015 5:49 PM
38	<p>I don't believe houses should be multiple occupation under any circumstances even if all people in occupation within the house are related houses should be single family i.e. parent and their siblings</p>	12/16/2015 5:24 PM
39	<p>No funding should be given to the above proposals, it is waste of money</p>	12/16/2015 5:16 PM
40	<p>Strongly disagree with a reduction in funding for The Royal & Dergate Theatres.</p>	12/16/2015 4:56 PM
41	<p>Continue to fund the opening hours of Abington Park Museum during the winter months - why is this necessary? Does the business generated back the hours this is open during the winter months? If not, why not just reduce to open weekends during the winter months? New funding arrangements for homelessness prevention - this should be an absolute priority to the council, more so than poxy flowers to 'improve the look of the town!! There are hundreds homeless on our streets and the council should be doing it's upmost to provide shelter and help to those who desperately need it, Northampton Citizens should be put first before anyone else!</p>	12/16/2015 4:23 PM
42	<p>Increasing housing in Northamptonshire means you must ensure there is adequate services such as Doctors and Dentists, Schools, and improvements to General Hospitals. The County has already been affected by a serious shortfall of Doctors and NGH has long waiting times, which is affecting everyone.</p>	12/16/2015 4:19 PM
43	<p>Would be concerned about "Reduce funding to the Royal and Dergate Theatre". The theatre is a major attraction for the town and its diminution would reduce tourism and quality of life and hence make the town a less attractive option for business to relocate to.</p>	12/16/2015 4:10 PM

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44	<p>•Continue to fund the opening hours of Abington Park Museum during the winter months Not Required. •Invest in a fireworks display and Christmas Market/events in Northampton to attract visitors and boost the local economy We had fantastic events "Balloon Festival - Town Show which both had great Fireworks displays. And if this years Christmas market is the best we can do I would scrap that as well. •Continue to Invest in Northampton in Bloom to provide an all year round, providing floral displays to help improve the look of the town This is worthwhile we need to improve the look of our town. •Invest in an enhanced proactive tree management service for the next five years, based on the requirements of a revised Borough Council tree policy This is worthwhile we need to improve the look of our town. •Reduce funding to the Royal and Derngate Theatre Northampton cant afford to not have the Royal and Derngate Theatre, These must be kept at all cost •Increase the amount of Houses in Multiple Occupation fee income I don't understand this, but if this means you are going to charge more for properties with multiple occupations then YES. •New funding arrangements for homelessness prevention This a must.</p>	12/16/2015 3:45 PM
45	<p>Regrettably I consider that all of these items should have have funding either frozen or withdrawn. If it requires money that is not readily available then it should come under the heading of 'zero budgeting' and a case by case study should take place which includes members of the public [Northampton Council Tax Payers]. Ask us what is important to us - don't just talk to us when it's election time!</p>	12/16/2015 3:27 PM
46	<p>Continue to fund the opening hours of Abington Park Museum during the winter months - No, the community doesn't need it (during austerity) it is also questionable whether the decision isn't motivated by the financial interests of a nearby cafe owned by a conservative counsellor I believe? Invest in a fireworks display and Christmas Market/events in Northampton to attract visitors and boost the local economy - I am in favour of this Continue to Invest in Northampton in Bloom to provide an all year round, providing floral displays to help improve the look of the town - We are in a time of auserity. This is not a time to invest in the personal hobbies of a few no matter how pretty it might look. Unless it generates income for the town then it should not receive investment. Invest in an enhanced proactive tree management service for the next five years, based on the requirements of a revised Borough Council tree policy - £250,000 is an amount we all of a sudden need to spend? Do trees not know how to look after themselves? Seems a lot of money to check out trees, I am not in favour. Reduce funding to the Royal and Derngate Theatre - We are in austerity, unless the theatres, which I love, can sustain themselves I am sorry to say they have no right to public protection. I agree with the cut. Increase the amount of Houses in Multiple Occupation fee income - Surely there is nothing in place here to prevent landlords passing the costs onto already low income tenants? Is there something in place for that or is this just to raise £70,000? New funding arrangements for homelessness prevention - Surely creating affordable and social housing is a far better long term solution?</p>	12/16/2015 2:44 PM
47	<p>I would be interested in the cost of funding the opening hours of Abington Park Museum during the winter months, can this cost really be justified? How many people actually want to visit the Museum during the winter? The Northampton Christmas Market is, to be frank, rubbish, clearly Northampton have not visited other Christmas markets in towns such as St Albans or suchlike, the stalls are minimal and the goods being sold are awful. Maybe a Christmas Market for local people to sell their wares would be more suitable. I know the firework display used to be poplular but I dont see how this would boost the local economy. Northampton in Bloom would be a nice idea but again, what would be the cost of this? Trees?? Really? Do you not think the funds would be better spent elsewhere? I am no expert on the financial situation of the Theatre's but surely this should take precedence over trees! There are many visitors to the Theatre's and it would be a shame for these not to be supported. HMO's? To house whom? There does need to be adequate finance for homelessness prevention.</p>	12/16/2015 2:31 PM

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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 2016/17 and beyond?

Answered: 35 Skipped: 55

#	Responses	Date
1	Selling of vacant council land for development	1/20/2016 9:08 AM
2	Completely stop funding royal and derngate.	1/19/2016 12:09 PM
3	The town should thieve be able to be safe...promote businesses ...advertise the town...keep public informed how progress is going....a good transport is important...new buildings or revamp old ones...show the public you have made progress and the budget has grown...dont try and fool the public...being honest is worth millions...treat all wards the same spread the money equally ...where wards are left neglected they will rot...savings are there to be made ...people on higher earnings can help ...ie ask them to lend support or help in ways of investment in the town ...dont ask dont get...	1/16/2016 11:45 PM
4	Decrease funding for wasted projects in the town centre. If any money is to be invested in the town centre it should be used on promoting the market square to get a new influx of traders, we do not need another fountain.	1/16/2016 9:25 PM
5	Carry out a strategic review of your senior management team in light of the events which took place during 2015. As the council continuous to shrink then a new' fresh and energised team may be more appropriate	1/12/2016 8:33 PM
6	Cut down on wastage , stop the marketiung of silly FREEBIES , which does not mean or do any thing, cut down on unproductivity .	1/12/2016 8:02 PM
7	Waste collections. Reduce the green (brown bin) waste to once a month during the winter months.	1/7/2016 12:09 PM
8	FINE HEAVILY UNLAWFUL PARKERS AND GET SOME REVENUE TO PROVIDE DECENT SERVICES FOR OUR ELDERLY , DISABLED. COMING TO NORTHAMPTON BUS STATION AREA IS A NIGHTMARE - DAY IN DAY OUT. SEEN BETTER PLACES. KETTERING ROAD , THE NEW DIRTY MARKET STREET OF NORTHAMPTON.	1/5/2016 8:44 PM
9	I would like to see greater enforcement of anti-litter and anti-fouling laws. Can such enforcement be self-financing?	1/5/2016 6:32 PM
10	We think NBC should find as many ways as possible to work collaboratively with other loca, authorities in the area. Cut out all agency work and large payouts for top personnel who leave	1/5/2016 3:44 PM
11	I believe as a society we must protect and look after the vulnerable including the elderly, children, those with mental health issues including the homeless. I would hope that the councillors who decide on the proposals cut services for the elderly and vulnerable of our society realise the massive impact this will have on those individuals these are people many with complex needs not just numbers or figures on a spreadsheet	1/1/2016 11:31 PM
12	Increase the number of fines/ prosecutions for fly tipping, littering as our town is let down too often by this.	12/28/2015 5:37 PM
13	Do more to help promote revenue making services: museums, weddings and room hire etc.	12/23/2015 11:18 AM
14	Effective contract with enterprise Clearing of Fit tipping cost must be higher than working with NCC to allow access for recycling Intensive on rent for keeping areas clean and tidy - work with the community in the affected ares, if you say that you will prosecute then this must be followed with action. Any shared services - possibly ask local Parish councils if they would like the budget so they can maintain there areas or at the very least share the contact details so that any deviation from contractual obligations are reported directly.	12/22/2015 11:34 AM
15	Sort out the potholes!	12/22/2015 11:05 AM
16	The Northamptonshire population needs to be more controlled. We're building on green belt land whilst reducing funding to the inner town. If you need evidence of this simply look at the state of the roads and pathways. We're slowly becoming a county of unsightly warehouses and low income housing. If we wish to reverse this, cut child benefit. A One child policy only, would push adults to choose their future plans more careful. Also eradicate child benefits. Cash for sex is state sponsored prostitution. Sorry if that doesn't sit well with people but that is a fact.	12/20/2015 6:50 PM
17	Recover the 'lost' millions foolishly handed over to the ex chairman of the Cobblers and do not repeat that sort of exercise	12/18/2015 8:48 PM
18	Do NOT waste money on fireworks - give that to the Royal and Derngate. Improve parking near to the Royal and Derngate or consider a park and ride to coincide with performances. You have removed car park after car park, and vastly increased demand for the little that still remains in the area.	12/18/2015 4:46 PM

8 Draft Budget 2016/17 Consultation Results - Survey Monkey

19	I'd rather see investment in sustainable planting and the development of communal areas than continuing to fill plastic containers with hundreds of flowers and then hanging them on railings at road junctions. The tree policy is good but I'd prefer small annual maintenance costs over many years to 5 year projects. I believe the policy on Council Tax Rebate is a political decision to benefit the well off at the direct expense of the poorest and most vulnerable in the town. Maybe people who can already afford sufficient food and money for heating are pleased at not having to pay any more in council tax. And maybe they don't know the people who are already making up the excess deaths from low resilience this Autumn/Winter.	12/17/2015 4:28 PM
20	see above . Monitor and.as far as possible,control population growth , attitude and behaviour	12/17/2015 2:19 PM
21	Interduce a small charge for museums	12/17/2015 8:18 AM
22	Again, please do not increase taxes for the very poor people of Northampton.	12/17/2015 6:45 AM
23	Give me a list of what you spend money on and I will tell you where you can save money, but not needed services utilised by the community of Northampton.	12/16/2015 11:47 PM
24	Tender out for a commercial partner to run the fireworks and Xmas markets rather than fund through the council. Could sponsorship be found for the Northampton in bloom thing? Must maintain safety critical services such as tree management. Definitely reduce funding for the Theatre.	12/16/2015 10:38 PM
25	reduction in brown bin collection especially during winter months	12/16/2015 10:24 PM
26	Clean up Abington Street. Just like an ashtray last week!	12/16/2015 10:21 PM
27	Look at back room services - how can they be more efficient. How can you buy effectively when procurement is outsourced to a third party ? Reduce entertaining/hospitality What is the cost benefit analysis on NEP and similar partnerships. Offer incentives to bigger retailers to come to the town to make the town more upmarket and desirable. Biggest mistake ever to lose House of Fraser for Primark. Sell quality recycled items at the tip again and use the funds to open the tip for residents on a couple of weekdays. Free parking at weekend is a great idea. Get rid of half the army of traffic wardens.	12/16/2015 9:16 PM
28	Merge the borough Councils and County Councils. Reduce the number of executives. Found out where the Ten Million Pounds loaned to the Cordozas who were in charge of the Cobblers went. Do not make any more dubious loans to sports clubs at this time in our extremely fragile financial state. Why are you proposing to spend vast sums of money making changes in St Giles's Street when you are proposing to make drastic cuts to social and care services in the county.	12/16/2015 9:08 PM
29	Increase the funding to Northampton Door to Door and Northampton Shopmobility as without these excellent services a large number of elderly and disabled residents of the town will be completely housebound, meaning that they will be unable to help the resurgence of the town centre.	12/16/2015 8:10 PM
30	I do not see any provisions short or long term, to ensure adequate services such as Doctors and Dentists or Policing with all the new housing.	12/16/2015 4:19 PM
31	What I would really like to see is the promotion / development of our market square. (Largest Market Square in the UK). The options are endless, you only need to go over to any European town, just to see what can be done. The town needs to have one BIG event a year which brings in the crowds.	12/16/2015 3:45 PM
32	See above - try real communication.	12/16/2015 3:27 PM
33	Get the town centre sorted. The Grosvenor Centre under current ownership is in decline. It has become essential to offer free parking (at a cost) just to ensure those remaining business are sustainable. Start getting tough with Legal & General and ensure they invest in phase 2 ASAP or that they sell their stake and enable another owner to put in the investment this town needs in retail. We have lost too many prime stores and are not attracting new ones	12/16/2015 2:44 PM
34	I think you should reconfigure your services to deliver mandatory services only	12/16/2015 2:35 PM
35	Wider consultation with the residents of Northampton(shire) to ensure the Council have a bigger view of the local opinion. More transparency with the budgets such as how money was spent and the final result, good or bad. Local opinion sought before major operations are commenced - the bus station debacle for one!	12/16/2015 2:31 PM

9 Demographics of respondents

Gender			
Options	Response %		Response Count
Male	62.71%		37
Female	37.29%		22
Age			
Options	Response %		Response Count
Under 16	0%		0
16-24	1.69%		1
25-34	8.47%		5
35-44	10.17%		6
45-54	35.59%		21
55-64	24.53%		12
65-74	18.64%		11
75 or above	5.08%		3
Ethnicity			
Main categories	Response %		Response Count
White	84.48%		49
Asian/Asian British	8.62%		5
Mixed	3.45%		2
Black/Black British	0%		0
Prefer not to say	3.45%		2
About Respondents			
Options	Yes	No	Response Count
I live in Northampton	100% (56)	0% (0)	56
I work in Northampton	74.42% (32)	25.58% (11)	43
I study in Northampton	10.34 (3)	89.66% (26)	29
I have a business in Northampton	17.24% (5)	82.76% (24)	29
I am employed by Northampton Borough Council	6.90% (2)	93.10% (27)	29
I am responding on behalf of an organisation/group	7.14% (2)	92.86% (26)	28

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

10 Equality and Community Impact Assessment

Draft Budget 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 2016/2017 financial year in February 2016.

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.

Extract from Overview and Scrutiny Minutes 20 January 2016

5. REPORT OF THE OVERVIEW AND SCRUTINY REPORTING AND MONITORING WORKING GROUP – GENERAL FUND MTFP 2016/2017 - 2020/2021, DRAFT COUNCIL WIDE DRAFT BUDGET 2016-2017, HOUSING REVENUE ACCOUNT (HRA), RENT SETTING 2016/17 AND BUDGET PROJECTIONS 2017/18 TO 2020/21

The Chair referred to the report of the Reporting and Monitoring Working Group that had identified three key issues from General Fund MTFP 2016/2017 - 2020/2021, draft Council wide draft budget 2016-2017, Housing Revenue Account (HRA), Rent Setting 2016/17 and Budget Projections 2017/18 to 2020/21:

Rent decrease based on Government Policy -1% for 4 years
Impact on the Capital Programme
Impact on the Repairs and Maintenance Budget

Welfare Reform:

Details of provisions in place for support and how this is reflected in the budget

Environmental Services Contract:

Review and plans for a possible new contract and the mitigation against potential increase in costs

Cabinet Members and Officers presented the above issues to the Committee:

Environmental Services Contract:

Councillor Alan Bottwood, Cabinet Member for Environment, Councillor Mike Hallam, Cabinet Member for Finance, Glenn Hammonds, Chief Finance Officer, and Julie Seddon, Director of Communities and Customers advised:

- The current Environment Services contract commenced in 2011 and will conclude in 2018. It is a joint contract with Daventry District Council.
- Work needs to commence now on the looking at a way forward for a new contract from 2018.
- It was acknowledged that it is expected that there would be an increase in the price of a new contract and there is a need to minimise any increase looking at:

The statutory elements of the contract

Elements of the contract that residents would expect

Other elements of the contract

- A decision would need to be taken regarding the specification of the new contract and the best way for it to be delivered, for example looking at the various options such as:

Tenders from private companies for the new contract
Delivering the service in-house
Arm's length organisation
Work with other District Councils

- An options evaluation of each option would be undertaken and information would be gathered of what the specification of the contract should include. It was expected this process would commence April 2016.

The Committee asked questions, made comment and heard:

- There is a need to ensure the contract is fit for purpose
- It was acknowledged that Scrutiny input into the contract would be proposed at the forthcoming Overview and Scrutiny Work Programming event but there was a need to consider the following options prior to work on the procurement process:
 - The preferred option for the new contract
 - What should be included within the specification of the contract
- The Committee felt that work on the above was best placed in the Scrutiny mechanism but recognised that constitution allows for the setting up of Cabinet Advisory Groups.

It was therefore **AGREED**:

- (1) That an Overview and Scrutiny Working Group is set up to investigate the options for the new Environment Services Contract and the specification for the contract.
- (2) Membership of the Working Group would comprise Councillor Dennis Meredith (Chair); Councillors Gareth Eales, Terrie Eales, Brian Oldham, Brian Sargeant and Samuel Shaw.

The Scrutiny Officer would contact Councillor Lane, Chair, to ascertain whether he would also become a member of the above Working Group.

Rent decrease based on Government Policy -1% for 4 years

Councillor Stephen Hibbert, Cabinet Member for Housing, Councillor Mike Hallam, Cabinet Member for Finance, Glenn Hammons, Chief Finance Officer, Phil Harris, Head of Housing and Wellbeing and Mike Kay, Chief Executive, Northampton Partnership Homes gave the Committee a presentation that set the scene:

- Impact on Capital Programme
- Impact on Repairs & Maintenance Budget MTFP had assumed that rent would increase by CPI + 1%
- Rent decrease will reduce total income by approximately £20.6m over 4 years
- Will have an even bigger impact over the longer term 30 year HRA Business Plan
- Will affect investment options around the stock
- Impact of the 1% rent decrease over the next 4 years:
 - Savings on Retained HRA - £0.6m

The remaining £20m is proposed to be found by splitting over the following areas:

- NPH Management Fee (25% / £4.98m)
- Repairs and Maintenance (30% / £5.98m)
- Capital Investment Programme (45% / £8.97m)

The Committee asked questions, made comment and heard:

- To give some context over the 4 years the forecast NPH management fee is approximately £50 million, Repairs and Maintenance managed budget is approximately £64 million and Capital Investment approximately £82 million before the proposed reductions. In response to a query it was confirmed that tenants will pay 1% less in rents year on year for the next 4 years and this will cost approximately £20 million in reduced income. There will be a continued need to drive efficiencies, driving value for money and look at costs and overheads etc.
- The Committee heard one example about the new Scheduling System that will drive efficiencies SAMS
- The Northampton Standard identifies certain aspects of work that are a priority. Some works will be deferred if they have not been identified as a priority.
- In response to a query, it was confirmed that repairs to Sheltered Housing accommodation will go forward. A Sheltered Housing Review is nearing completion and report will be presented to the Overview and Scrutiny Committee at its June 2016 meeting.
- The Capital Programme is currently predominantly for improvements to existing housing stock
- The Committee heard that the extension to Housing Associations of Right to Buy will result in a formulae approach to calculating how much the HRA will have to pay over to Treasury to pay for this extension. Details of the formulae are awaited to enable the assessment of impact although it will be another negative financial impact on the HRA starting from 2017/18.
- The Committee welcomed and commended the work undertaken by NPH over the past year.

Welfare Reform:

Councillor Mike Hallam, Cabinet Member for Finance, Councillor Stephen Hibbert, Cabinet Member for Housing, Glenn Hammons, Chief Finance Officer, Phil Harris, Head of Housing and Wellbeing and Mike Kay, Chief Executive, Northampton Partnership Homes advised:

- Spare Room Subsidy - 687 tenants: 554 at 14% and 133 at 25%, NBC visited all of the tenants that were likely to be affected
- Actively promoted mutual exchanges and transfers
- Universal Credit (UC) Rollout started in November 2015, from 2018
- Existing housing benefits claims will be migrated to UC, it is expected
- this process will take until 2021 to complete
- Tenants Conference – focused on UC

- UC claims separately identified
- NPH, NBC,CAB,CLS, Credit Union all working in collaboration regarding UK
- Budgeting support, bank accounts and any day direct debits etc. have been set up
- Set up
- Officers are learning from others

The Committee asked questions, made comment and heard:

- It was noted that 2 bedded properties are in the highest demand.
- A list of under-occupied properties is produced and monitored.
- It was confirmed that tenants living in under occupied properties that are willing to move and awaiting a suitable property are not excused from the subsidy
- A time limit for exchange has not been set
- A home swap webpage has been produced and mutual exchanges are encouraged
- Moving across to Universal Credit will be a slow process. It is being rolled out in Northampton

The Chair thanked Cabinet Members and Officers for providing a comprehensive presentation on the three issues as identified by the Reporting and Monitoring Working Group.

AGREED: That the comments and observations of the Overview and Scrutiny Committee on the General Fund MTFP 2016/2017 - 2020/2021, draft Council wide draft budget 2016-2017, Housing Revenue Account (HRA), Rent Setting 2016/17 and Budget Projections 2017/18 to 2020/21 are included as an Appendix to the Cabinet report; and for consideration by Cabinet in agreeing a final budget proposal.

Extract from Audit Committee Minutes 18 January 2016

10. RISK REVIEW OF 2015/16 BUDGET OPTIONS

Strategic Finance Manager elaborated on a report submitted by the Chief Finance Officer.

It was advised that the risk assessment of the budget proposals was brought to Audit Committee for consideration and that any feedback for consultation process will be taken to Cabinet and Council.

In response to questions from the Committee the Strategic Finance Manager confirmed that the New Build – Dallington in the table on p.104 of the report was for 100 new Council houses.

The Chief Finance Officer advised that the Little Cross Street project is part of the draft Housing Revenue Account capital programme within the Major Works category. He stated that there are 2 aspects to disabled adaptations referring to p.100 of the report on general fund making adaptations to private dwellings stating that proportion of that is funded by government grant.

In response to questions regarding funding for town centre improvements the Chief Finance Officer advised that funding for this in first 4 years has been redirected to St Giles street scheme.

It was advised that the funding towards broadband is the Borough's contribution to a County Council scheme. Details of what this scheme was made up of could be provided to the Committee.

The Chief Finance Officer also advised that there are a number of different funding sources for the Delapre scheme.

RESOLVED

The Audit Committee considered issues in relation to risk within the budget proposals for 2016/17

General Fund Budget Summary 2016 - 2021



Description	Appendix	Budget	Budget	Budget	Budget	Budget
		2016/17	2017/18	2018/19	2019/20	2020/21
		£	£	£	£	£
Service Base Budget		28,214,016	29,131,257	29,766,944	30,618,810	31,025,520
Medium Term Planning Options						
Savings and Efficiencies	5					
- Borough Secretary		(53,739)	(54,298)	(54,863)	(55,435)	(56,012)
- Customers and Communities		(325,000)	(375,000)	(375,000)	(375,000)	(375,000)
- Regeneration Enterprise and Planning		(185,783)	(186,193)	(186,605)	(187,022)	(187,443)
- Housing and Well Being		(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Total Savings		(664,522)	(715,491)	(716,468)	(717,457)	(718,455)
Growth	6					
- Borough Secretary		130,000	130,000	90,000	90,000	90,000
- Customers and Communities		225,000	225,000	175,000	125,000	125,000
Total Growth		355,000	355,000	265,000	215,000	215,000
Total MTP Options		(309,522)	(360,491)	(451,468)	(502,457)	(503,455)
Gross Revenue Budget		27,904,494	28,770,766	29,315,476	30,116,353	30,522,065
Corporate Budgets						
Debt Financing - Current		1,746,000	1,733,000	1,728,000	1,802,000	1,897,000
Recharges from General Fund to HRA		(2,944,907)	(2,944,907)	(2,944,907)	(2,944,907)	(2,944,907)
Parish Grants		(20,611)	(20,611)	(20,611)	(20,611)	(20,611)
Parish Precepts		1,044,721	1,044,721	1,044,721	1,044,721	1,044,721
Contribution to/(from) Earmarked Reserves		2,871,651	2,632,959	3,270,490	3,443,906	3,641,101
Total Corporate Budgets		2,696,854	2,445,162	3,077,693	3,325,109	3,617,304
Net Budget		30,601,348	31,215,928	32,393,170	33,441,462	34,139,369
Funding						
Revenue Support Grant		(3,256,382)	(1,792,976)	(886,014)	0	0
Transition Grant		(23,746)	(23,672)	0	0	0
Business Rates Retention Scheme		(7,452,252)	(7,595,224)	(7,803,698)	(8,034,281)	(8,050,071)
New Homes Bonus		(4,910,199)	(4,112,679)	(3,292,591)	(2,870,990)	(2,448,891)
Total Government Funding		(15,642,579)	(13,524,551)	(11,982,303)	(10,905,271)	(10,498,962)
Council Tax						
Band D Council Tax		207.91	212.91	217.91	222.91	227.91
Tax Base		64,358	65,002	65,652	66,308	66,971
NBC Council Tax		(13,380,659)	(13,839,473)	(14,306,126)	(14,780,727)	(15,263,390)
Parish-related Council Tax		(1,044,721)	(1,044,721)	(1,044,721)	(1,044,721)	(1,044,721)
Total Council Tax		(14,425,380)	(14,884,194)	(15,350,847)	(15,825,448)	(16,308,111)
Surplus on Collection Fund		(533,389)	0	0	0	0
Total Funding		(30,601,348)	(28,408,745)	(27,333,150)	(26,730,719)	(26,807,074)
Savings to be identified		0	2,807,182	5,060,019	6,710,743	7,332,296



General Fund MTP Savings Options

MTP Reference	MTP Option Description	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
		£	£	£	£	£
Borough Secretary						
	Borough Secretary Review	(53,739)	(54,298)	(54,863)	(55,435)	(56,012)
	TOTAL Borough Secretary	(53,739)	(54,298)	(54,863)	(55,435)	(56,012)
Customers & Communities						
	Events Restructure	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
	Customers and Communities Directorate Review	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
	Review of lease/management agreement with Northampton Leisure Trust	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
	Increased marketing of the Guildhall to generate additional income	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
	Reduction in funding to the Royal and Derngate Theatre	(50,000)	(100,000)	(100,000)	(100,000)	(100,000)
	TOTAL Customers and Communities	(325,000)	(375,000)	(375,000)	(375,000)	(375,000)
Regeneration, Enterprise & Planning						
	Reduced Contribution to Joint Planning Unit	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)
	Regeneration Enterprise and Planning Directorate Review	(157,783)	(158,193)	(158,605)	(159,022)	(159,443)
	TOTAL Regeneration Enterprise and Planning	(185,783)	(186,193)	(186,605)	(187,022)	(187,443)
Housing and Well Being						
	Increased Houses in Multiple Occupation fee income	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
	New funding arrangements for homelessness prevention	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
	TOTAL Housing	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
SAVINGS AND EFFICIENCIES TOTAL		(664,522)	(715,491)	(716,468)	(717,457)	(718,455)



General Fund MTP Growth Options

MTP Reference	MTP Option Description	2016/2017 £	2017/2018 £	2018/2019 £	2019/2020 £	2020/2021 £
Borough Secretary						
	Individual Electoral Registration	80,000	80,000	40,000	40,000	40,000
	Annual Canvass	50,000	50,000	50,000	50,000	50,000
		130,000	130,000	90,000	90,000	90,000
Customers & Communities						
87	Fireworks Display	35,000	35,000	35,000	35,000	35,000
	Christmas Market	40,000	40,000	40,000	40,000	40,000
	Cost of delivering Northampton in Bloom all year round	25,000	25,000	25,000	25,000	25,000
	Extend current opening hours of Abington Museum during the winter months	25,000	25,000	25,000	25,000	25,000
	Enhanced tree management programme	100,000	100,000	50,000	0	0
			225,000	225,000	175,000	125,000
Total Growth		355,000	355,000	265,000	215,000	215,000

General Fund Capital Programme 2016-17 to 2020-21

Project Title	2015-16 Latest £	2016-17 £	2017-18 £	2018-19 £	2019-20 £	2020-21 £	Total £
<u>Housing - General Fund</u>							
Disabled Facilities Grant (updated profile)	1,500,000	1,875,000	1,475,000	1,475,000	1,475,000	1,475,000	9,275,000
<u>Self-funded</u>							
IT Infrastructure	300,734	215,000	150,000	150,000	150,000	150,000	1,115,734
New Scheme - Car Parking Enhancements - subject to business case		1,330,000					1,330,000
New Scheme - CCTV Technology Upgrade		200,000					200,000
<u>Town Centre Improvements</u>							
New Scheme - St Giles Street	727,992	2,200,000					2,927,992
Superfast Broadband	88,000	45,000	205,000	162,000			500,000
<u>Heritage & Culture</u>							
Vulcan Works	150,000	3,940,000	2,860,000				6,950,000
Delapre Abbey Restoration	4,764,821	595,031					5,359,852
Delapre Abbey Parklands Infrastructure	200,000	100,000					300,000
Central Museum Development	132,000	495,000	5,773,000	300,000			6,700,000
New Scheme - Abington Park Museum - Renewal of Displays		210,000					210,000
<u>Block Programmes - specific schemes to be agreed</u>							
Town Centre Realm improvements						370,000	370,000
Capital Improvements - Regeneration Areas	270,212	250,000	50,000	50,000	50,000	100,000	770,212
Parks/Allotments/Cemeteries Enhancements	202,499	250,000	250,000	250,000	250,000	250,000	1,452,499
New Scheme - Car Park Lifts		250,000	250,000	200,000			700,000
Operational Buildings - Enhancements	556,067	250,000	250,000	250,000	250,000	300,000	1,856,067

Commercial Landlord Responsibilities	335,895	120,000	50,000	50,000	50,000	50,000	655,895
<u>Enterprise Zone</u>							
New Scheme - St James Mill Link Road		1,000,000	1,000,000				2,000,000
<u>Other</u>							
St Crispins Community Centre	750,000	1,150,000					1,900,000
Planning IT Improvements	50,421	17,000	17,000				84,421
Duston Art Project	10,000	40,000					50,000
Loan to University of Northampton	46,000,000						46,000,000
<u>Schemes Due to Complete in 2015/16*</u>	10,511,192						10,511,192
Total General Fund Capital Programme	66,549,833	14,532,031	12,330,000	2,887,000	2,225,000	2,695,000	101,218,864

* as previously reported to Cabinet

Proposed General Fund Capital Funding	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	£	£	£	£	£	£	£
Grants & Contributions:							
Disabled Facilities Grant - External Funding	593,905	594,000	594,000	594,000	594,000	594,000	3,563,905
Heritage Lottery Funding - Delapre Abbey	2,842,116	339,168					3,181,284
HPDG	50,421	17,000	17,000				84,421
CLG - St Peters Waterside	1,083,315						1,083,315
Local Growth Fund - Vulcan Works	150,000	3,290,000	2,860,000				6,300,000
Local Growth Fund - St James Mill Link Road		562,000					562,000
Section 106	1,369,011	1,260,000					2,629,011
Other Grants and Contributions	70,000	70,000					140,000
Sub-total Grants & Contributions	6,158,768	6,132,168	3,471,000	594,000	594,000	594,000	17,543,936
NBC Earmarked Reserves - Delapre Abbey	787,808						787,808
New Homes Bonus	1,315,090						1,315,090
Other Revenue/Reserves	1,277,260						1,277,260
Capital Receipts - Heritage	1,032,000	595,000	5,773,000	300,000			7,700,000
Capital Receipts - Other	6,339,372	1,655,413	305,000	162,000			8,461,785
Growing Places Fund and Local Infrastructure Fund (to be repaid from EZ business rate uplift)	208,333	438,000	1,000,000				1,646,333
Self-funded Borrowing (incl Loans)	46,703,969	1,745,000	150,000	150,000	150,000	150,000	49,048,969
Corporate Borrowing	2,727,233	3,966,450	1,631,000	1,681,000	1,481,000	1,951,000	13,437,683
Total Funding	66,549,833	14,532,031	12,330,000	2,887,000	2,225,000	2,695,000	101,218,864

Earmarked Reserves Forecast

Description	Forecast Balance 1 April 2016	Expected Use/ (Contribution) 2016/17	Forecast Balance 31 March 2017	Reason for Reserve/Proposed Use
Future Pressures Reserve	(4,097,918)	(1,930,858)	(6,028,776)	To fund future budget increases and potential reductions in funding
Strategic Investment Reserve (I2S)	(2,127,300)	0	(2,127,300)	To fund investments producing a revenue return.
Insurance Reserve	(1,762,040)	(54,000)	(1,816,040)	Actuarial valuation of future insurance costs
Service Improvements and One-off Investments	(1,933,376)	(830,725)	(2,764,101)	To be used for one-off investment leading to improved service delivery at reduced net cost
Other General Reserves	(6,453,852)	1,168,913	(5,284,939)	To fund specific corporate or service specific risks and funding needs
Total Earmarked Reserves	<u>(16,374,485)</u>	<u>(1,646,670)</u>	<u>(18,021,155)</u>	

Key Medium Term Financial Issues 2016/17 – 2020/21 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.	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	2016/17 and next three years' 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.
5	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.

6	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
7	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.	Ongoing and continuous review of both earmarked reserves and general balances.
8	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.
9	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. Move towards 100% local retention, details awaited.	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.
10	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	2015/16 Value inc VAT £	2016/17 Value inc VAT £
Waste Services				
Bulky Waste Collection	Up to three Items	Non - S	29.00	29.67
Skip Collection Service (to be confirmed)	Non - Recyclable Waste - per tonne	Non - S	104.00	106.39
	Administration Fee	Non - S	59.00	60.36
	Mileage Charge - per mile	Non - S	2.00	2.05
	Waste Above one Tonne - prices available from Waste Minimisation Team			
Cemetery				
Grant of Right	Adult Grave for 1 - 5'6"	Non - S	432.00	441.94
	Adult Grave for 2 - 6'6"	Non - S	499.00	510.48
	Adult Grave for 3 - 7'6"	Non - S	567.00	580.04
	Child	Non - S	86.00	87.98
	Cremated Remains	Non - S	163.00	166.75
Internment Fee Monday - Friday	Grave Depth 7'6"	Non - S	541.00	553.44
	Grave Depth 6'6"	Non - S	473.00	483.88
	Grave Depth 5'6"	Non - S	432.00	441.94
	Child up to 12 Years	Non - S	68.00	69.56
	Still Born - 1 Month Old	Non - S	No Charge	No Charge
		Cremated Remains	Non - S	163.00
	Scattering of Ashes	Non - S	23.00	23.53
	Mausoleum	Non - S	3,946.00	4,036.76
Vault	Grant of Right and First Interment	Non - S	865.00	884.90
	Second Interment	Non - S	407.00	416.36
Memorial Erection Rights	Headstone - Adult	Non - S	117.00	119.69
	Headstone - Child	Non - S	31.00	31.71
	Vase - Plain	Non - S	No Charge	No Charge
	Vase - Inscribed	Non - S	55.00	56.27
Kerb Sets	Kerb only	Non - S	176.00	180.05
	Kerb and Headstone	Non - S	292.00	298.72
	Memorial Tablet	Non - S	55.00	56.27
	Additional Inscription	Non - S	41.00	41.94
	Grave Number Marker	Non - S	16.00	16.37
	Permanent Grave Number Marker	Non - S	25.00	25.58
	Use of Chapel	Non - S	68.05	69.62
	Use of Chapel - Winter Fuel Charge	Non - S	8.25	8.44
	Search Fee (Inc VAT) - Small Search	Non - S	No Charge	No Charge
	Search Fee (Inc VAT) - Medium search	Non - S	25.78	26.37
Search Fee (Inc VAT) - Full search	Non - S	69.08	70.67	
Non Resident Fees - families that have resided outside the Borough for more than 5 years are charged at 100% on all the above				
Allotments				
Standard Plot	10 Poles	Non - S	34.00	34.00
Half size	5 Poles	Non - S	17.00	17.00
Gate Key Fee - either £6 or £4 dependent on type of lock used				
Parks				
Some bookings may require a differing VAT treatment than that assumed below. The actual total fee charged may vary as a result.				
Football	Senior Pitch	Non - S	27.00	28.50
	Junior Pitch	Non - S	8.00	9.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16	2016/17			
			Value inc VAT £	Value inc VAT £			
Rugby	Senior Pitch	Non - S	27.00	28.50			
	Junior Pitch	Non - S	14.00	15.00			
Use of Changing Rooms	Changing Facilities for any activity - with showers						
	Monday - Saturday	Non - S	13.00	13.50			
	Sunday	Non - S	17.00	17.50			
	Changing Facilities for any activity - without showers						
	Monday - Saturday	Non - S	10.00	9.50			
	Sunday	Non - S	15.00	14.50			
Cricket	Day Match	Non - S	14.00	39.00			
	Evening Match	Non - S	24.00	25.50			
	Junior School Match	Non - S	13.00	14.00			
Bowls	Rink per person, per hour	Non - S	2.00	2.80			
	OAP's & Unemployed	Non - S	2.00	2.80			
	Matches - 3 rinks per hour	Non - S	17.00	18.60			
	Matches - 4 rinks per hour	Non - S	22.00	23.90			
	Matches - 5 rinks per hour	Non - S	28.00	29.70			
	Hire of Bowls per game	Non - S	2.00	2.00			
	Hard Court - Per Court per hour	Non - S	5.00	6.00			
	Per Court, per hour with floodlights	Non - S	9.00	11.00			
Mini 5 a Side Football	Hire of Pitch	Non - S	5.00	5.00			
Call Care							
Non - HRA	Lifelines - Inside Borough	Yearly Charge	Non - S	239.20	239.20		
	Lifelines - Inside Borough	Charge per week	Non - S	4.60	4.60		
	Lifelines - Outside Borough	Yearly Charge	Non - S	239.20	239.20		
	Lifelines - Outside Borough	Charge per week	Non - S	4.60	4.60		
	Installation Charges - Inside Borough				Non - S	60.00	60.00
	Installation Charges - Outside Borough				Non - S	60.00	60.00
	Monitoring Charges	Yearly Charge	Non - S	41.60	41.60		
	Monitoring Charges	Charge per week	Non - S	0.80	0.80		
	Environmental Health	Yearly Charge	Non - S	56.28	56.28		
	Environmental Health	Charge per week	Non - S	1.08	1.08		
Licensing Fees							
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	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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16 Value inc VAT £	2016/17 Value inc VAT £
	Bingo Club	S	1,750.00	1,750.00
	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
	Copy Licence	S	25.00	25.00
Apply for Provisional Statement				
	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	100.00
	Band B Rateable Property	S	190.00	190.00
	Band C Rateable Property	S	315.00	315.00
	Band D Rateable Property	S	450.00	450.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16	2016/17
			Value inc VAT £	Value inc VAT £
Annual Fees	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
	Hackney Carriage & Private Hire Fees			
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	New Private Hire Operators 5 Year Licence	Non - S		1,550.00
	Operator Renewal 5 Year Licence - Number of Vehicles (Includes 5 Year Licence Fee plus Fee for Vehicles)			
	0 (1,450.00 + 0.00)	Non - S		1,450.00
	1 (1,100.00 + 0.00)	Non - S		1,100.00
	2-5 (1,450.00 + 150.00)	Non - S		1,600.00
	6-20 (1,450.00 + 300.00)	Non - S		1,750.00
	21-50 (1,450.00 + 600.00)	Non - S		2,050.00
	51-100 (1,450.00 + 1,200.00)	Non - S		2,650.00
	101-200 (1,450.00 + 2,400.00)	Non - S		3,850.00
	201-300 (1,450.00 + 4,800.00)	Non - S		6,250.00
	301-400 (1,450.00 + 600.00)	Non - S		11,060.00
	401+ (1,450.00 + 19,200.00)	Non - S		20,650.00
	Annual Payment Arrangement Fee	Non - S		50.00
	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	

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16	2016/17
			Value inc VAT £	Value inc VAT £
Car Boot	Pitches 1 - 20 Registration Fee	Non - S	12.00	12.50
	Pitches 21 - 50 Registration Fee	Non - S	12.00	12.50
	Fee per Event	Non - S	16.00	17.00
	Pitches 51 - 75 Registration Fee	Non - S	26.00	27.00
	Fee per Event	Non - S	21.00	22.00
	Pitches 76 - 100 Registration Fee	Non - S	31.00	33.00
	Fee per Event	Non - S	26.00	27.00
Sex Establishments	Per Year	Non - S	3,100.00	750.00
Sex Entertainment Establishments	Per Year	Non - S		2,500.00
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	228.00	240.00
	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		300.00
	Premium Town Centre Location (Charge per day)	Non - S		45.00
Environmental Health				
Licences				
Animal Boarding Establishment	Issue of Annual Licence Traditional Border	S	155.00	155.00
Animal Boarding Establishment	Issue of Annual Licence Domestic Border	S	128.00	128.00
Dog Breeding	Licence Renewal	S	128.00	128.00
Dog Breeding	Issue of New Licence	S	128.00	128.00
Dangerous Wild Animal	Licence to Keep Certain Animals	S	275.00	275.00
Pet Shops	Annual Licence	S	128.00	128.00
Riding Establishment	Annual Licence	S	100.00	100.00
Zoo Licence	Annual Licence	S	530.00	530.00
Scrap Metal Dealers Licence (Site Licence)	3 Year Licence	S	325.00	325.00
Scrap Metal Dealers Licence (Collectors Licence)	3 Year Licence	S	240.00	240.00
Scrap Metal Dealers Licence (Variation to Licence)	As Required	S	65.00	65.00
Scrap Metal Dealers Licence (Duplicate Licence issued)	As Required	S	15.00	15.00
Motor Salvage Operator	3 Year Registration	S	0.00	0.00
Tattooing, Ear Piercing, Acupuncture, Electrolysis	Registration - one off fee	S	132.00	132.00
Tattoo and Body Art Covention	Administration Fee (New for 2012/13) (Per Exhibitor)	S	33.00	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	70.00	80.00
Environmental Searches	Urgent Rate	Non - S	110.00	120.00
Consultancy	Contaminated Land etc	Non - S	75.00	80.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16	2016/17
			Value inc VAT £	Value inc VAT £
Statement and Legal Advice (Private Cases)	Hourly Rate	Non - S	75.00	80.00
	Up to 5 Pages	Non - S	170.00	180.00
	Additional Pages	Non - S	27.00	30.00
Public Health / Environmental Protection Charges				
Funerals	LA Funerals - Claim to Banks / Treasury	S	520.00	520.00
Drainage Works Filthy	Works in Default	S	45.00	45.00
Private Drinking Water Supplies	Risk Assessment	S	520.00	520.00
	Second Visit / Investigation / Authorisation	S	105.00	105.00
	Analysing a Sample - Taken under Reg 10	S	28.00	28.00
	Analysing a Sample - Taken during check monitoring	S	105.00	105.00
	Analysing a Sample - Taken during audit monitoring	S	520.00	520.00
Filthy & Verminous Premises	Works in Default	S	45.00	45.00
Silencing of Alarms	Burglar, Car etc	S	45.00	45.00
Domestic Noise	Seizure and Storage of Noise Equipment	S	210.00	210.00
LA Environmental Regulations of Industrial Plant	LAPC / LAPPC / LA-IPPC Application for Permit / Renewal	S	set by DEFRA	set by DEFRA
Animal Welfare Service				
Stray Dogs	Stray Dog Release Fee	Non - S	50.00	60.00
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 - licenced 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	3.00	3.50
	Additional sheets	Non - S	0.50	0.50
	A3	Non - S	3.50	3.75
	Additional sheets	Non - S	0.50	0.50
	Copying Statutory Notices	Non - S	21.00	25.00
General	Copy of Taped Interview	Non - S	15.00	25.00
Election Fees				
	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)

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16 Value inc VAT £	2016/17 Value inc VAT £
	Paper Version - Edited	S	£10 admin fee plus £5 per thousand entries (or part)	£10 admin fee plus £5 per thousand entries (or part)
Borough Secretary	Confirmation of Registration - Individual	Non - S	15.00	15.00
	Certifying Foreign Pensions	Non - S	10.00	10.00
	Subject Access Request	S		10.00
	FOI time per hour (first 18 hrs free)	S		25.00
	Postage & Packing request documents			at cost
	Provision of CCTV Footage (redaction where necessary charged in addition to recover actual costs only)			36.50 (up to 1hr of footage)
	Provision of Additional CCTV Footage (per hr)			25.00
	Photocopying (per A4 side)			0.12
Planning				
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.
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 ²	S	195.00	195.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 40m ² but no more than 75m ²	S	385.00	385.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 75m ² but no more than 3750m ²	S	385.00 for each 75m ² or part of	385.00 for each 75m ² or part of

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16 Value inc VAT £	2016/17 Value inc VAT £
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 3750m ² - £19,049 plus £115 for each additional 75m ² to a max of £250,000	S	19,049 plus 115 for each additional 75m ² to a max of 250,000.	19,049 plus 115 for each additional 75m ² 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 ²	S	80.00	80.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 465m ² but not more than 540m ²	S	385.00	385.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 540m ² but no more than 4,215m ² - £385 for first 540m ² plus £385 for each 75m ² or part thereof	S	385.00 for first 540m ² plus 385.00 for each 75m ² or part thereof	385.00 for first 540m ² plus 385.00 for each 75m ² or part thereof
	The erection of buildings on land used for agriculture purposes with a site area of more than 4,215m ² - £19,049 plus £115 for each additional 75m ² to a max of £250,000	S	19,049.00 plus 115.00 for each additional 75m ² to a max of 250,000.	19,049.00 plus 115.00 for each additional 75m ² 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 ²	S	80.00	80.00
	Erection of glasshouses on land used for the purposes of agriculture with a floor space more than 465m ²	S	2,150.00	2,150.00
	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.
Applications other than Building Works	Car Parks, Service Roads or Other Accesses for existing uses	S	195.00	195.00
	Waste, Use of land for disposal of refuse or waste materials or deposit of material remaining after extraction or storage of minerals on a site no more than 15 hectares	S	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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16 Value inc VAT £	2016/17 Value inc VAT £
	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
	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
Lawful development certificates	LDC - Existing use - in breach of a planning condition	S	Same as full	Same as full
	Existing use LDC - lawful not to comply with particular condition	S	195.00	195.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16 Value inc VAT £	2016/17 Value inc VAT £
Prior Approval	LDC - Proposed Use	S	Half normal planning fee	Half normal planning fee
	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
Non-Material Amendment	Installation of a radio mast ,radio equipment, housing or public callbox	S	385.00	385.00
	Non-Material amendment following a grant of planning permission for householder	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	20.00
Copy Tree Preservation order		Non - S	17.00	20.00
Copy of Appeal Decision Notice		Non - S	17.00	20.00
Copy of Enforcement Notices		Non - S	17.00	20.00
Copy of Section 106		Non - S	27.00	30.00
Photocopying				
A4	per sheet	Non - S	0.60	1.00
A3	per sheet	Non - S	1.10	1.50
A2	per sheet	Non - S	3.50	5.00
A1	per sheet	Non - S	5.00	7.50
A0	per sheet	Non - S	10.00	12.00
Ordnance Survey Extracts	Set of 6 A4 extracts of 1:500 scale	Non - S	20.00	30.00
	Set of 6 A4 extracts of 1:1250 scale	Non - S	25.00	30.00
	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	15% of fee
	Other Major Development Offices/Research and Development/Light industry	Non - S	10% of fee	15% of fee
	Other Major Development Heavy Industry/Storage/Warehousing	Non - S	10% of fee	15% of fee
	Other Major Development Retail, Distribution and Servicing	Non - S	10% of fee	15% of fee
	All other major development	Non - S	10% of fee	15% of fee
	Minor Development 1 dwelling	Non - S	10% of fee	15% of fee
	Minor Development 2-9 dwellings	Non - S	10% of fee	15% of fee
	Minor Development Offices/Research and Development/Light industry	Non - S	185.00	190.00
	Minor Development Heavy Industry/ Storage Warehousing	Non - S	185.00	190.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16 Value inc VAT £	2016/17 Value inc VAT £
	Minor Development Retail and Distribution	Non - S	185.00	190.00
	All other Minor Development	Non - S	10% of fee	15% of fee
	Change of Use to House in Multiple Occupation	Non - S	no fee	80.00
	Change of Use	Non - S	10% of fee	15% of fee
	Householder Developments	Non - S	10% of fee (£17.20)	15% of fee (£25.80)
	Advertisements	Non - S	20.00	25.00
	Listed Building Consent to alter/extend	Non - S	no fee	80.00
	Listed Building Consent to demolish	Non - S	no fee	80.00
	Conservation Area Consents	Non - S	no fee	80.00
	Meetings and/or Site Visits (per 30 Minutes) in addition to the pre-application charge applicable above	Non - S	88.00	90.00
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
Building Control				
New Dwellings up to 300m ² :				
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 ² , the charge is individually determined				
Detached garage of car port up to 40m ²	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 ²	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 ²	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 ² to 40m ²	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 ² to 100m ²	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 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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16 Value inc VAT £	2016/17 Value inc VAT £
Conversion of a habitable room(s)	Plan Charge	S	60.00	60.00
	Inspection Fee	S	200.36	200.36
	Building Notice Charge	S	260.36	260.36
	Regularisation Charge	S	282.06	282.06
The introduction of insulation as part of a re-roof work, re-rendering/plastering and replacement ground floors that does not include changes to structural members	Plan Charge	S	200.28	200.28
	Inspection Fee	S	Included in Plan Charge	Included in Plan Charge
	Building Notice Charge	S	200.28	200.28
	Regularisation Charge	S	216.97	216.97
Domestic external window & door replacements (up to 5)	Building Notice Charge	S	160.22	160.22
	Regularisation Charge	S	173.58	173.58
Domestic external window & door replacements (over 5)	Building Notice Charge	S	To be individually determined	To be individually determined
	Regularisation Charge	S	To be individually determined	To be individually determined
Domestic Internal Alterations, installation of fittings and/or structural work				
Estimated Cost of Building Works £				
0 - 2,000	Plan Charge	S	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
Surveyors Time Costs		Non - S	Between £14.02 to £25.14 per hour	Between £14.02 to £25.14 per hour
Administration		Non - S	50.00	50.00
Cost of work to make structure safe will depend on the amount and type of work involved				
Exempt Building Certificate		S	29.00	29.00
Retrieval of Plans to enable copies of Certificates to be issued		Non - S	30.00	30.00
Copies of Certificates	Per Copy	Non - S	10.00	10.00
To view Historic / Stored Files		Non - S	210.00	210.00
Letters of Confirmation of works carried out if files not available		Non - S	45.00	45.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16 Value inc VAT £	2016/17 Value inc VAT £
Street Naming and Numbering Charges				
Existing Properties House Name Change		S	63.00	63.00
New Properties Numbering / Naming	1 - 5 Plots	S	185.00	185.00
	6 - 25 Plots	S	296.00	296.00
	26 - 75 Plots	S	700.00	700.00
	76+ Plots	S	945.00	945.00
Additional charge where this includes Naming of a Building (e.g. Block of Flats)		S	126.00	126.00
Existing Streets				
Renaming of Street where requested by residents		S	220.50 plus 21.00 per property	220.50 plus 21.00 per property
New Streets				
Additional Charge to House Numbering where this includes naming of street	Per Street	S	152.00	152.00
Amendments to Schedule				
Amending Schedule of development already issued following plot change by developer	Per Plot Affected	S	39.00	39.00
Planning Performance Agreement	Individual Cases	S	negotiable on an individual case	negotiable on an individual case
<i>Guildhall Room Hire</i>				
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
	Jeyes Room	Non - S	25.00	25.00
	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
	OSS Reception Area (Mon-Fri after 5.30pm and 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
	Jeyes Room	Non - S	60.00	60.00
	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
	OSS Reception Area (Mon-Fri after 5.30pm and 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
	Jeyes Room	Non - S	60.00	60.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16	2016/17
			Value inc VAT £	Value inc VAT £
	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
	OSS Reception Area (Mon-Fri after 5.30pm and 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
	Jeyes Room	Non - S	100.00	100.00
	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
	OSS Reception Area	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
	Council Chamber	Non - S	500.00	500.00
	Holding Room	Non - S	400.00	400.00
	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
	Council Chamber (Saturday & Bank Holidays)	Non - S	1,000.00	1,000.00
	Holding Room (Sundays & Bank Holidays)	Non - S	800.00	800.00
Reception Prices	The Spencer Package	Non - S	1,900.00	1,900.00
	The Jeffery Package	Non - S	1,350.00	1,350.00
	The Tilley Package	Non - S	950.00	950.00
	The Godwin Package	Non - S	400.00	400.00
Party Packages per head	The Platinum Package	Non - S	33.00	33.00
	The Gold Package	Non - S	29.00	29.00
	The Silver Package	Non - S	25.00	25.00
Museum Service				
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-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
Car Parks				
Charges	Up to 1 hour	Non - S	0.60	0.60
	Up to 1 hour (MSCP only)		Free	Free
	Up to 2 hours	Non - S	1.20	1.20
	Up to 2 hours (MSCP only)		Free	Free
	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
	Saturdays (MSCP only)		Free	Free
	Sunday	Non - S	Free	Free

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2015/16	2016/17
			Value inc VAT £	Value inc VAT £
	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	360.00	360.00
	Commuter Permits	Non - S	600.00	600.00
Market Stall Rents				
<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
	Sat	Non - S	15.00	15.00
1st Class	Tues & Weds	Non - S	9.50	9.50
	Thurs	Non - S	9.00	9.00
	Fri	Non - S	12.50	12.50
	Sat	Non - S	17.50	17.50
2nd Class	Tues & Weds	Non - S	8.50	8.50
	Thurs	Non - S	7.00	7.00
	Fri	Non - S	11.50	11.50
	Sat	Non - S	16.50	16.50
<u>Summer Rates</u>				
Standard	Tues - Weds	Non - S	10.00	10.00
	Thurs	Non - S	8.00	8.00
	Fri	Non - S	12.00	12.00
	Sat	Non - S	25.00	25.00
1st Class	Tues & Weds	Non - S	16.00	16.00
	Thurs	Non - S	10.00	10.00
	Fri	Non - S	18.00	18.00
	Sat	Non - S	31.00	31.00
2nd Class	Tues & Weds	Non - S	14.50	14.50
	Thurs	Non - S	8.00	8.00
	Fri	Non - S	16.50	16.50
	Sat	Non - S	29.50	29.50
<u>Casual Trader Rates</u>				
<u>Winter Rates</u>				
Standard	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
<u>Summer Rates</u>				
Standard	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	2015/16 Value inc VAT £	2016/17 Value inc VAT £
Housing Fees				
Mandatory, and Additional, HMO Licence - Standard Fee	Processing Application & Granting of Licence for Mandatory/Additional HMO (5 Year Term) for upto 5 persons. For each additional person the fee will increase by £30	Non - S	682.63 / 323.25	700*
Mandatory, and Additional, HMO Licence - If applied for on time	Processing Application & Granting of Licence for Mandatory/Additional HMO (5 Year Term) for upto 5 persons. For each additional person the fee will increase by £30	Non - S	682.63 / 323.25	550*
Mandatory, and Additional, HMO Licence - If applied for before it expires	Processing Application & Granting of Licence for Mandatory/Additional HMO (5 Year Term) for upto 5 persons. For each additional person the fee will increase by £30	Non - S	682.63 / 323.25	500*
Licensable HMO's	Cost of Officer Attendance to help complete the Online Application	Non - S	n/a	60*
Licensable HMO's	Pre-Application Inspection. Will be charged for missed, or cancelled, inspections where 24 hours notice has not been given	Non - S	n/a	60*
All privately owned Properties (including Empty homes)	Cost if served with a Suspended Improvement Notice, an Improvement Notice, a Prohibition Order or take Emergency Remedial Action	Non - S	n/a	400*
All privately owned Properties (including Empty homes)	Cost if served with an Emergency Prohibition Order	Non - S	n/a	450*
Immigration	Request for Letter confirming property is satisfactory for intended immigrant	Non - S	155.00	200.00
Housing Act - Enforcement	Charging for taking Enforcement Action including works in default	S	Cost of work plus admin fee 103.00	Cost of work plus £250 or 15%, whichever is greater
Viewing of Registers	Free Office Viewing or Internet (where applicable) – charge for copy	Non - S	Free to view Copy charge - 21.00	It is recommended that this charge is increased by the Council's annual fees and charges uplift for 2016/2017
RSL Framework	Registration	Non - S	1,000.00	NPH
Choice Based Lettings	Flat rate charge for Advertising a Property	Non - S	80.00	NPH
Travellers Site Charges	Pitch Fee	Non - S	55.00 per week	55.00 per week
	Water	Non - S	10.00 per week	10.00 per week

Notes

Non S - Non Statutory
S - Statutory function

* - These fees will be implemented wef the Full Council Date (29/02/16)

Northampton Borough Council
Treasury Management Strategy
2016-17

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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 2016-17 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 2015-16 are
- Updates to Prudential and Treasury Indicators
 - Updates to interest rate forecasts
 - Updates to debt financing budget forecasts
 - Updates to the MRP policy
 - Expansion of the Council's counterparty policy to include appropriate counterparties with a sovereign rating of AA.
 - Re-wording of the 50% restriction on overseas counterparties to take out Money Market Funds and instant access deposit accounts

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 2016-17, 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 2016, 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	2015-16 Projected	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
External borrowing						
Borrowing at 1 April	218	216	221	230	241	247
Expected change in borrowing	-2	5	9	11	6	4
Borrowing at 31 March	216	221	230	241	247	251
CFR at 31 March	248	260	270	278	280	285
Under/(over) borrowing	32	39	40	37	33	34
Investments						
Investments at 1 April	64	68	61	60	63	66
Expected change in investments	4	-7	-1	3	3	0
Investments at 31 March	68	61	60	63	66	66
Net borrowing	148	160	170	178	181	185

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 (as at 20 Jan 2016).

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%
10yr PWLB rate	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%
25yr PWLB rate	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%	4.10%
50yr PWLB rate	3.20%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%	4.00%

- 3.2 **UK.** UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and although the 2015 growth rate is likely to be a leading rate in the G7 again, it looks likely to disappoint previous forecasts and come in at about 2%. Quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a slight increase in quarter 2 to +0.5% (+2.3% y/y) before weakening again to +0.4% (2.1% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and financial markets have been particularly volatile. The November Inflation Report flagged up particular concerns for the potential impact of these factors on the UK.
- 3.3 The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel and commodity prices will delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% by the end of 2016 and not get to near 2% until the second half of 2017, though the forecasts in the Report itself were for an even slower rate of increase. However, more falls in the price of oil and imports from emerging countries in early 2016 will further delay the pick up in inflation. There is therefore considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.
- 3.4 The weakening of UK GDP growth during 2015 and the deterioration of prospects in the international scene, especially for emerging market countries, have consequently led to forecasts for when the first increase in Bank Rate would occur being pushed back to quarter 4 of 2016. There is downside risk to this forecast i.e. it could be pushed further back.
- 3.5 **USA.** The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.0% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

- 3.6 **EZ.** In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.
- 3.7 During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.
- 3.8 In Portugal and Spain the general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost their majority of seats. An anti-austerity coalition has won a majority of seats in Portugal while the general election in Spain produced a complex result where no combination of two main parties is able to form a coalition with a majority of seats. It is currently unresolved as to what administrations will result from both these situations. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.
- 3.9 The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:
- Investment returns are likely to remain relatively low during 2016/17 and beyond;
 - Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 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 2016-17 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 The Council also has powers to provide financial support to organisations under general powers of competence under the Localism Act 2011.
- 4.15 Loans currently in place are to Northampton Town Rugby Football Club (NTRFC), Unity Leisure and Cosworth.
- 4.16 The following loans to third parties are in the pipeline at the time of preparing this report:
- 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.

- Northamptonshire County Cricket Club (NCCC) – Cabinet have approved in principle the granting of secured loan finance to NCCC up to an amount of £250k to enable them to implement a new financially sustainable business plan. This loan will be funded from the Council's internal cash balances. Work is in hand regarding an initial advance of up to £100k, with any further advances being at a future date and dependant on additional security.
- Delapre Abbey – Cabinet have approved the provision of revenue funding in the form of a capped £100k loan facility to Delapre Abbey Preservation Trust (DAPT) to ensure that in-year deficits in their business plan are cash flowed in the initial stages of their operation. This loan will be funded from the Council's internal cash balances.

Prudential & Treasury Indicators

- 4.17 The Council's prudential and treasury indicators for 2016-17 to 2020-21 are set out at Appendix 3.

Policy on borrowing in advance of need

- 4.18 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.

- 4.19 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

- 4.20 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.

4.21 As short term borrowing rates tend to be cheaper than longer term fixed interest rates, there can 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.

4.22 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).

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

Affordable Borrowing Limit

4.24 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.

4.25 The Council’s affordable borrowing limit for 2016-17 is set at £325m. 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 anticipated for the provision of loans to third parties.

Affordable Borrowing Limit					
	2016-17	2017-18	2018-19	2019-20	2020-21
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
NBC CFR plus headroom	279	289	295	295	300
To support loans to third parties	51	51	50	50	50
Affordable Borrowing Limit	330	340	345	345	350

Temporary Borrowing

- 4.26 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.
- 4.27 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
- 4.28 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

- 4.29 A cost-benefit exercise was undertaken in late 2014-15 to determine what level of overdraft facility represented best value for money for the Council, based on a risk assessment of possible overdrawn scenarios. As the Council maintains very tight control of its cash balances, it was determined that the most cost effective approach was not to renew its overdraft facility when it came up for renewal in April 2015. This change was approved by the Chief Finance Officer and reported to Cabinet and Council in the 2014-15 Treasury Management Mid Year report
- 4.30 Unauthorised bank overdrafts are currently charged at a standard debit interest rate of 19.50% per day, plus a fee of £8 per day.

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 2016-17 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, and its 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 2016-17 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

£64.5m for 2016-17, each 0.1% increase or decrease in investment rates equates to £64.5k, 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 2016-17 to 2020-21. Interest payable and reimbursements in respect of loans to third parties already in place as at Dec 2015 are included.

9.2

Debt Financing Budget – NBC					
	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
Interest payable	827	841	870	950	1,100
Interest Receivable	(853)	(1,206)	(1,461)	(1,627)	(1,814)
MRP	1,379	1,474	1,495	1,572	1,622
Recharges from/(to) the HRA	393	624	824	907	989
Total	1,746	1,733	1,728	1,802	1,897

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

Interest Rate Assumptions					
	2016-17 %	2017-18 %	2018-19 %	2019-20 %	2020-21 %
Investments	0.90	1.50	2.00	2.25	2.50
GF Borrowing 10 year PWLB	3.30	3.70	4.00	4.10	4.10
GF Borrowing 25 year PWLB	4.00	4.20	4.40	4.50	4.50

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

9.4 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 existing contract expires at 31 Oct 2016, and a procurement exercise will be undertaken to put the contract out for re-tender.
- 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 continues to take forward infrastructure improvements to enable development and to attract investment into the Enterprise Zone, supporting employment growth. Loans have been granted from the Government’s Growing Places Fund (GPF) and Local Infrastructure Fund (LIF). The repayment of funding (principal and interest) will be met, for the most part, from business rates uplift in line with the Enterprise Zone financial model.

Tax Incremental Financing

- 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.

Spending Review and Autumn Statement 2015

- 11.8 The government spending review, published as part of the Chancellor’s Autumn Statement in November 2015, includes as a government priority, investment in housing to support home ownership. The statement sets out a five point plan for housing, including the delivery of 400,000 affordable housing starts by 2020-21,

focussed on low cost home ownership. Given the scale of the programme the government expects that all sectors will play a role in delivery. The government will be offering £2.3bn in loans to help regenerate large council estates and invest in infrastructure needed for major housing developments. The Council will keep abreast of developments in order to maximise opportunities for funding and other incentives as they become available. .

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 2016-17 to 2020-21 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.

General Fund - The gently rising trend shown below reflects the cumulative impact of borrowing costs (interest and MRP) for capital programme schemes agreed each year, set against the backdrop of a reducing net revenue stream in future years.

HRA – The rising trend shown below reflects the cumulative impact of borrowing costs (interest only) for capital programme schemes agreed each year, set against the backdrop of a reducing net revenue stream in future years.

Estimate of the ratio of financing costs to net revenue stream					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%
General Fund	5.72%	6.14%	6.12%	6.16%	6.28%
HRA	35.56%	37.00%	39.08%	39.69%	40.76%

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 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 2015-16 and prior years, starting in 2016-17 and planned for 2017-18 to 2020-21.

Estimates of incremental impact of new capital investment decisions on the Council Tax					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p
General Fund	0.59	4.61	8.92	11.85	13.21

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 2015-16 and prior years, starting in 2016-17 and planned for 2017-18 to 2020-21.

The availability of additional revenue (reserve) 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, now laid down in legislation.

Estimates of incremental impact of new capital investment decisions on Housing Rents					
	2015-16	2016-17	2017-18	2018-19	2019-20
	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p
HRA	0.25	1.15	2.34	3.50	4.86

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.

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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.

Gross debt and the capital financing requirement		
	2015-16 £000 Excluding Third Party Loans	2015-16 £000 Including Third Party Loans
Gross external debt	215,998	267,328
2014-15 Closing CFR (forecast)	248,431	299,761
Increases to CFR**:		
2015-16	11,738	11,458
2016-17	10,126	9,846
2017-18	7,215	6,935
Adjusted CFR	277,510	328,000
Gross external debt less than adjusted CFR	Yes	Yes

** 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 2016-17 to 2020-21 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.

Capital Expenditure					
	2016-17	2017-18	2018-19	2019-20	2020-21
	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
General Fund	14,532	12,380	2,937	2,275	2,695
HRA	34,592	24,643	23,208	21,657	22,809
Total	49,124	37,023	26,145	23,932	25,504
Loans to third parties	0	0	0	0	0
Total	49,124	37,023	26,145	23,932	25,504

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 General Fund CFR (excluding third party loans) shows a gentle increase over the forthcoming five-year period. The impact of proposed new capital expenditure funded by borrowing is 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, including £8m to fund new council house building at Dallington Beck in 2016-17. The HRA does not make an annual revenue provision towards debt repayment.

The changes to CFR for future years (2017-18 to 2020-21) are subject to future Council decisions in respect of the capital programme for those years

Capital Financing Requirement (Closing CFR)					
	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	65,651	66,854	67,221	67,341	67,832
HRA	194,518	203,441	210,289	213,129	217,001
Total	260,169	270,295	277,510	280,470	284,833
Loans to third parties (GF)	51,050	50,770	50,490	50,210	49,960
Total	311,219	321,065	328,000	330,680	334,793

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

Appendix 11

“prudent” and be consistent with plans for capital expenditure and financing. It contains a provision for forward funding of future years capital programmes, which may be utilised if current interest rates reduce significantly but are predicted to rise in the following year.

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

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

Authorised limit for external debt					
	2016-17	2017-18	2018-19	2019-20	2020-21
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
Borrowing	325	335	340	340	345
Other long-term liabilities	5	5	5	5	5
Total	330	340	345	345	350

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.

Operational boundary for external debt					
	2016-17	2017-18	2018-19	2019-20	2020-21
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
Borrowing	315	325	330	330	335
Other long-term liabilities	5	5	5	5	5
Total	320	330	335	335	340

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 (DCLG). The original debt cap of £208.401m has been increased by DCLG to allow for additional borrowing to fund new council house building at Dallington Beck in 2015-16 and 2016-17.

Risk Analysis

The current HRA business plan has been modelled with full regard to the DCLG 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 around the Government's rent setting policy which is now laid down in legislation and also that inflation levels may change more than expected. This could result in the financial assumptions in the business plan proving to be inaccurate, leading to reduced headroom for borrowing with the need for a combination of savings and a re-phased Asset Management Plan. 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:

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

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

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.

Upper limits on interest rate exposures - borrowing		
	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%

Upper limits on interest rate exposures - investments		
	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).

Upper limits on interest rate exposures – net borrowing		
	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.

Upper limit on investments for periods longer than 364 days					
	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	6	6	6	6	6

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This upper limit has been calculated at a prudent level with regard to cashflow liquidity, based on a maximum of 10% 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 2016-17 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

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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 - for example capital expenditure on preparing assets for sale. Where this approach is used it will be reviewed on an annual basis, in consideration of updated expectations over the timing and certainty of capital receipts, and to ensure that the latest estimate of proceeds is sufficient to cover the MRP liability.
- 1.5.10 In respect of the borrowing undertaken to fund loans to Northampton Town Football Club, the capital receipt from the proposed sale of the associated development land will be utilised to reduce the outstanding CFR liability and finance the loan impairment when the land is sold and the capital receipt is realised. This approach will be reviewed on an annual basis to ensure that the latest estimate of proceeds is sufficient to cover the MRP liability. In the event that they are not, the Council will make a charge to revenue, either immediately or over a period of time, to reduce the CFR accordingly.
- 1.5.11 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.
- 1.5.12 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.

- 1.5.13 In respect of loans to third parties supported by borrowing, where these are treated as capital expenditure, and contractual terms are in place to secure repayment over a period not exceeding the life of the asset, the Council will not charge MRP on the related expenditure; the CFR will be reduced by the third party loan repayments as and when these are received.
- 1.5.14 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; the CFR will be reduced by the amount of repayment of principal through business rates as and when these are made.

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 above, or are
 - UK banking or other financial institutions or are
 - UK national or local government bodies or are
 - Triple A rated Money Market funds

3 Sovereign limits

- 3.1 Expectation of implicit sovereign support for banks and financial institutions in extraordinary situations has lessened considerably in the last two to three years, and alongside that, national and international changes to banking regulations have focussed on improving the banking sectors internal resilience to financial and economic stress. The Council has therefore reviewed its existing policy of restricting overseas investments to counterparties in countries with a sovereign rating of AA+.
- 3.2 The Council has determined that for 2016-17 it will only use approved counterparties from countries with a sovereign credit rating from the three main ratings agencies of at least AA. However the limit for the amount that may be invested and the duration of the investment will be banded according to the sovereign rating. These limits are set out in the table at paragraph 7.4.
- 3.3 The list of countries on the Capita counterparty list 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+	AA
Australia	Finland	Abu Dhabi
Canada	UK	France
Denmark	USA	Qatar
Germany		
Netherlands		
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	2015-16 Projected	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
Core funds	90	90	90	90	90	90
Working capital surplus	10	10	10	10	10	10
Total funds	100	100	100	100	100	100
Less under/(over) borrowing	39	40	37	34	34	39
Expected investments	61	60	63	66	66	61

4.2 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 2016-17 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 2016-17 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.

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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 £6m.

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 2016-17 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 2016-17.

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

(3)	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 investment portfolio, excluding instant access accounts and Money Market Funds, 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.

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- 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 Banking services

- 12.1 HSBC currently provide banking services for the Council under a contract that runs to 30 September 2016. To secure best value for the Council, a joint procurement exercise with Cambridge City Council and South Cambridgeshire District Council is currently under way for a new banking contract from 1 October 2016.
- 12.2 It is the Council's intention that should in the event of the credit rating of the provider of its banking services falling below the minimum investment criteria the bank will continue to be used for short term liquidity requirements.

13 End of year investment report

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

Northampton Borough Council
Capital Strategy
2016-21

Northampton Borough Council

Capital Strategy 2016 to 2021

Contents

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1 INTRODUCTION AND CONTEXT

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

The aim of the capital strategy is to provide a clear framework for capital funding and expenditure decisions. This is in the context of the Council's vision, values, objectives and priorities, financial resources, and spending plans. The Capital Programme is designed to support the delivery of the Council's priorities as set out in the Corporate Plan.

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

2 OVERARCHING STRATEGY

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

- Contributes to the Corporate Plan, and the Council's vision, values, strategic objectives and priorities
- Is closely aligned with the Council's Asset Management Plan
- Supports service-specific and other NBC plans and strategies

- Is affordable, financially prudent and sustainable, and contributes to achieving value for money

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

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

3 SOURCES OF CAPITAL FINANCE

Overview

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

Capital Receipts

Capital receipts are derived from both General Fund (GF) and Housing Revenue Account (HRA) asset sales. These could include income to the Council as lessor from finance leases.

NBC do not always receive the full value of these asset sales as some of them are subject to "clawback" arrangements whereby a proportion of the capital receipt must be paid over to the Homes and Communities Agency (HCA).

GF asset sales come from a variety of sources. Generally speaking, 100% of GF asset sales (after any 'clawback') can be used to support capital expenditure. Sometimes the asset sale is linked directly to a capital project, for example in a relocation scheme. More often, GF asset sales relate to surplus assets that are held corporately and are not specific to a scheme. Property assets for disposal are subject to the approval of the Capital Assets Board.

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

HRA asset sales come from the sale of council houses under 'right to buy' legislation, and from the sale of shared ownership properties. 'Right to buy' receipts are subject to pooling arrangements. Since April 2012 this means that a proportion is paid over to central government for redistribution, a proportion is retained by the Council to fund the HRA capital programme and the remainder is retained for the

funding of one-for-one replacement properties through new-build or purchase. The latter may be in partnership with other registered providers.

Prudential Borrowing

Under the Local Government Act 2003 councils operate within the rules contained in the 'Prudential Code'. These allow local authorities to set their own limits with regard to borrowing undertaken to support capital expenditure. Borrowing may be undertaken, provided that it is, and can be shown to be, prudent, affordable and sustainable. This method of financing capital expenditure is called "prudential borrowing".

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

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

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

Minimum Revenue Provision (MRP)

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

The Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008, which came into force in February 2008, require the Council to make instead 'prudent provision' for the repayment of debt. A number of options for prudent provision are set out in the regulations. The underlying principle is that the repayment of debt should be aligned to the useful life of the asset or assets to which it relates.

The authority is required, under the new regulations, to prepare an annual statement of their policy on making MRP for submission to Council. The Council's policy statement on MRP is set out in the annual Treasury Strategy, which is agreed by Council during Feb/March each year.

The Housing Revenue Account is currently not subject to an MRP charge.

Business Rates Uplift

Capital improvements within the Enterprise Zone may be funded by borrowing which will eventually be repaid through the increase in business rate income flowing from new or expanded businesses. The borrowing is undertaken via the South East Midlands Local Enterprise Partnership (SEMLEP) through the Growing Places Fund

or Local Infrastructure Fund. This is to manage the timing difference between the investment in the Enterprise Zone and the consequent increase in business rates.

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

Government Grants

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

Third Party Contributions

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

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

- Planning obligations funding from Section 106 agreements (developer contributions)
- National Lottery grants
- Contributions from local bodies.
- Contributions from national bodies.

Revenue and Capital Reserves

The Council has, as part of its overall financial strategy, set aside reserves in order to provide additional capital funding. These include an element of the New Homes Bonus and the Strategic Investment Reserve, used to fund the purchase of properties that may in the future provide a good return on investment.

Revenue Contributions

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

HRA revenue contributions form a significant element of the funding of the HRA capital programme. Since April 2012 the HRA is self-financing and capital improvements to the stock are funded largely from the Major Repairs Reserve and direct revenue contributions.

Leasing (Council as Lessee)

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

The LGSS Treasury Team are responsible for advising on and arranging all leases for the Council in conjunction with the Procurement Team. They ensure that the leases comply with all the relevant accounting conditions and requirements. All lease

arrangements entered into on behalf of the Council are authorised and signed by the Council's Section 151 Officer.

In order to demonstrate and achieve value for money, the Council's leasing advisors carry out a full evaluation of any lease proposals on behalf of the Council. This involves an analysis of the quality of the proposed lease and a comparison of the whole life costs of, for example, an operating lease, a finance lease or capital purchase funded by prudential borrowing.

It is generally more cost effective to arrange operating leases through sale and leaseback arrangements with a third party rather than through a direct lease from the supplier. Items financed through an operating lease are coded to and financed as part of the Council's revenue budget. It is the responsibility of the budget holder to ensure that there is sufficient capacity in the revenue budget to fund the annual operating lease costs.

The Council's preference is not to enter into finance leases unless there are exceptional reasons for doing so. Where an operating lease is either not available or not suitable, a capital purchase funded by prudential borrowing generally offers greater benefits than a finance lease. The introduction of IFRS from April 2010 reduced the number of instances where operating leases can be used to finance expenditure, particularly in the case of short life assets such as IT hardware, equipment and vehicles. Where this applies it is likely that such items will be purchased through the capital programme and financed by prudential borrowing, with the revenue cost of the borrowing met from the existing service budget.

4 CAPITAL FUNDING STRATEGY

General Fund Capital

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

- Hypothecated funding – i.e. funding linked directly to a specific scheme, such as grants, third party contributions and revenue contributions – is allocated 100% to the relevant scheme. Schemes funded by external grants and contributions will not commence until such funding is definitely secured.
- General capital grants – these are not currently available, but if they become a source of funding in the future they will be fully utilised ahead of other funding sources.
- Self-funded borrowing - where the capital investment itself will produce revenue savings or additional income, which is sufficient to cover the cost of borrowing to fund the investment.
- General Fund capital receipts are not allocated or committed prior to receipt or certainty that they will be received, unless inextricably linked to a specific project. General fund capital receipts received during the year will be taken into account as a potential funding source for new schemes or variations in the relevant financial year or the following financial year, subject to revenue budget considerations e.g. debt financing budget implications.

- Prudential Borrowing will be used to fund capital investment if the cost of the borrowing is affordable within the overall General Fund revenue projections. This will be funding source of last resort.

In Year Changes

Underspends on GF schemes may not be automatically diverted to other schemes. This will be considered against the demands of the programme as a whole. The only call on capital receipts during the year would be for unforeseen high priority emergency capital works that cannot be financed from alternative sources. Agreement will be through the normal channels – that is the submission of a project appraisal or variation to Capital Programme Board and, if required, Cabinet.

The funding strategy is used to determine the allocation of funding to the programme at the start of the year and throughout the year. Depending on the timing and restrictions of the funding streams, the most appropriate funding will be used at the year end. The Capital Team, under the direction of the Chief Finance Officer, will apply the available funding to the outturn expenditure in line with the best interests of the Council.

HRA Capital Funding

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

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

Revenue Implications of Capital Projects

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

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

5 PROGRAMME BUILD

The Council agrees its capital programme on an annual basis in February immediately preceding the start of each financial year. The agreed programme consists of:

- A firm and fully funded programme for the following year. This includes continuations from previous years as well as new starts in year
- Continuation schemes and forecasts for the subsequent 4 years

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

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

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

6 GOVERNANCE ARRANGEMENTS

In Year Appraisals and Variations

All new in-year capital schemes must be supported by a capital appraisal and any changes to existing schemes will require completion of a variation form. The funding for the project must be identified at this stage. Where there is no additional funding to support the bid, resources must be identified from within the existing programme.

Project Managers should consult the Capital Team in Finance to ensure forms are completed correctly and expenditure meets the definition of capital. Finance will also need to check that any VAT or other tax implications are properly taken into account.

Delegation Levels for Appraisals and Variations

Fully Funded Schemes

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

Other Schemes

These limits apply to both General Fund and HRA schemes.

Below £100k – Approval by CFO

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

Over £250k – Approval by Cabinet Required

All appraisals and variations approved under delegation will be reported to Cabinet via the Finance and Performance report.

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

Role of the Capital Programme Board (CPB)

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

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

Block Programmes

The Capital Programme for 2014/15 onwards includes block programmes for Improvements to Regeneration areas, Parks/Allotments, Operational Buildings and Commercial Landlord responsibilities.

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

Urgent Approvals

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

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

7 MONITORING THE CAPITAL PROGRAMME

Project management & monitoring

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

This includes ensuring that:

- Only capital expenditure is charged to the capital project
- Only expenditure properly attributable to the scheme is coded to the scheme
- The scheme expenditure is contained within the agreed budget, and that any 'unavoidable' variations are dealt with appropriately
- Realistic expenditure profiles are determined
- A realistic forecast outturn for the financial year and the project as a whole are calculated and kept under regular review. Changes must be input into Agresso Planner on a monthly basis, along with clear explanations for any variation.
- Any proposed carry forward from current to future years is identified and input to Agresso Planner.
- Any grants or third party funding is applied for and all grant conditions met
- The source of any revenue funding is identified

Project managers are also responsible for carrying out project reviews following scheme completion. This is an area of work that the Council is developing, The Finance Team request information on completed projects as part of their ongoing monitoring role.

Directorate Management Teams

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

LGSS Finance

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

Capital Programme Monitoring

The capital programme position is reported to Capital Programme Board and Management Board on a monthly basis throughout the year, commencing from period 2 (end of May). Quarterly reporting to Cabinet forms part of the overall

Finance and Performance report and covers the latest programme and any amendments to be notified or approved, expenditure to date, and the forecast outturn. It also outlines the financing position and any steps needed to deal with potential financing difficulties.

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

8 RISK MANAGEMENT

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

Risk	Mitigation
Project Overspend	Project managers update financial forecasts on a monthly basis. Any forecast overspend must be dealt with immediately – identifying savings elsewhere within the programme or alternative sources of funding.
Project Slippage	Any forecast carry forwards are also identified on a monthly basis. The impact of these carry forwards on the associated funding is reflected in the overall monitoring reported to Capital Programme Board.
Capital receipts – delay or non-receipt	As part of the funding capital receipts are not allocated or committed prior to receipt or certainty that they will be received

9 ASSET MANAGEMENT

Council Assets

The Council owned Property, plant and equipment assets with a total net book value of £509m at March 2015. Council assets included around 11,900 Council dwellings, and 925 hectares of Parks and Open Spaces.

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

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

Appendices 6



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

COUNCIL

29 February 2016

Agenda Status: PUBLIC

Directorate: Management Board

Report Title	Housing Revenue Account (HRA) Budget, Rent Setting 2016/17 and Budget Projections 2017/18 to 2020/21
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1. Purpose

1.1 The purpose of this report is to:

- Approve the HRA 2016/17 budget and the HRA forecasts for 2017/18 to 2020/21, rent increases, service charges and other charges for 2016/17, including the Total Fee proposed for Northampton Partnership Homes (NPH) to deliver the services in scope for 2016/17.
- Provide a brief update on the ongoing work on the direction of the HRA.

2. Recommendations

2.1 That Council approve:

- a) An average rent decrease of -1% per dwelling, in line with the Government's national rent policy and proposed legislation, to take effect from 4th April 2016.
- b) The HRA budget for 2016/17 of £53.7m expenditure including options detailed in Appendix 1.
- c) The HRA capital programme for 2016/17, 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 2016/17, 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 2016/17 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.
- 2.4 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 2016/17 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 the budget tables and appendices, prior to Council should any further changes be necessary.
 - update prudential indicators in both the Prudential Indicators report and Treasury Strategy report, for Council for any budget changes that impact on these.

3. Issues and Choices

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 24th 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)

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

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

Report Title	Housing Revenue Account (HRA) Budget, Rent Setting 2016/17 and Budget Projections 2017/18 to 2020/21
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	24th February 2016
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Management Board
Accountable Cabinet Member:	Cllr M Hallam
Ward(s)	N/A

1. Purpose

- 1.1 To agree the Cabinet's proposals for recommendation to Council on 29 February 2016 for the 2016/17 to 2020/21 HRA budgets.
- 1.2 To agree the Cabinet's proposals for recommendation to Council on 29 February 2016 for the 2016/17 HRA rent setting.
- 1.3 To agree the HRA capital programme funding proposals for 2016/17 and future years.
- 1.4 To ask the Cabinet to recommend to Council that they approve the recommendations in section 2 below.

2. Recommendations

- 2.1 That Cabinet recommend to Council to approve:
- a) An average rent decrease of 1% per dwelling, in line with the legislation and the government's national rent policy, to take effect from 4th April 2016.
 - b) The HRA budget for 2016/17 of £53.7m expenditure including options detailed in Appendix 1.
 - c) The proposed service charges listed in Appendix 4.
 - d) The HRA capital programme for 2016/17, 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 2016/17, 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 2016/17 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 2016/17 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 29th February 2016.
- 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.

3. Issues and Choices

3.1 Report Background

Housing Revenue Account

- 3.1.1 The HRA is a ring-fenced account that represents the costs of holding the Council housing stock. There are strict rules surrounding the costs and income that can be charged to this account. Much of the income and expenditure is dictated by legislation and regulation leaving the Council with direct control over a limited number of these budgets
- 3.1.2 The HRA Budget proposed for 2016/17 reflects the current service levels and service delivery. This year's HRA budget process continues to incorporate the calculations required to provide a Total Fee to Northampton Partnership Homes, (NPH) who manage the housing stock on a Management Agreement. This report provides the updated financial position and revised Total Fee for NPH for 2016/17 to provide the services in scope taking into account the immediate changes in housing finance announced in the Summer Budget and laid down in the Welfare Reform and Work Bill and the Housing and Planning Bill. The schedule of the proposed specific changes, (Medium Term Planning (MTP) options), are detailed in Appendix 2.
- 3.1.3 On 16th December 2015, Cabinet approved the Draft HRA Budget for consultation. A table of 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 the Council. 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 and 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 process claims 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 started to receive claims in December 2015 and has received a small number of applications to date and 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 a subsequent impact on the overall HRA position.

Welfare Reform and Work Bill and the Housing and Planning Bill

- 3.1.5 With its summer Budget statement the government introduced three main policy announcements which will have significant impact for the HRA. These were a social housing rent reduction of -1% across all stock, (detailed in paragraph 3.3) below, a requirement for local authorities to make payments to the government in respect of high value void sales and a requirement for high income tenants to pay higher rents (Pay to Stay). The latter two changes are expected to be introduced from 2017/18 onwards with the

remainder of 2015/16 and 2016/17 being used to collate the information needed to calculate the likely impacts. The legislative provision for the rent reduction is included within the Welfare Reform and Work Bill currently before Parliament. The Housing and Planning Bill, also before Parliament, contains the provision for High Value Void Sales and Pay to Stay.

Extension of Right To Buy and Higher Value Void sales

- 3.1.6 The Government intends to extend the RTB scheme to housing association tenants and to compensate housing associations for the discount given under the scheme from the proceeds of selling “high value” council houses as they became available. It is anticipated that housing associations would use the receipt to reinvest in new homes. To meet the cost of the discounts a determination may be necessary that requires local authorities with a HRA to make an annual payment to the government that reflects the market value (less costs) of “high value” housing likely to become vacant during the year, whether or not receipts are realised. This is likely to have a significant impact on the future sustainability of the Council’s HRA.

Pay To Stay

- 3.1.7 The Housing and Planning Bill makes provision for the charging of “high income social tenants” with reference to the market rate or other factors based on income and housing area. Further details through regulations will define how income is calculated and what constitutes “high income” and “household”. In addition to this there may be a requirement for tenants to provide information and evidence of income and/or this may be provided through HMRC tax records. The additional income generated from the increase above social rents will have to be paid over to the Government. Implementation will undoubtedly increase the administrative burden and increase costs.

3.2 Draft HRA Revenue Budget 2016/17 Cabinet 16th December 2015

- 3.2.1 The Cabinet met on the 16th December 2015 and recommended proposals for consultation. The headlines were:
- a) Proposing rent decrease in line with pending legislation and national rent policy of 1%;
 - b) A HRA budget for 2016/17 of £53.7m expenditure with medium term planning options including invest to save proposals put forward by NPH and reflected in the NPH Management Fee.
 - c) A Total Fee for NPH for the delivery of services over the six fee elements including a Capital Sum.

3.3 Draft HRA Revenue Budget 2016/17 - Cabinet 24th February 2016

- 3.3.1 Further work on the HRA budget has been undertaken to refine the estimates since 16th December 2015. This has resulted in a few adjustments which impact on the draft budget since 16th December.

3.3.2 A schedule of the changes since the 16th December 2015 proposals is shown below.

Description	Budget 2016/17
HRA Balanced Budget - December Cabinet	0
General Management	
- Invest to Save budget (NPH)	831,400
- Insurance budget (NBC)	125,000
Special Services - minor changes	(1,347)
Capital Funding adjustment (NPH)	(831,400)
Contribution to / (from) Reserves	(123,653)
HRA Balanced Budget - February Cabinet	0

Rents and Rent Setting 2016/2017

3.3.3 Rent Income, by far the largest single budget within the HRA, has previously been calculated in accordance with national rent policy. For 2016/17 the Welfare Reform and Work Bill, currently before Parliament, will legislate that rents in the social sector should decrease by -1% for the next 4 years. This is a move away from the 10 year policy of increasing rents using Consumer Price Index (CPI) plus 1 percentage point annually. An update from the Government was received on the 8 February 2016 announcing that it planned to put in place a one year exception to the reduction for all supported housing whilst they undertake a review into it. The Government's expectation is that accommodation subject to the exception, (Sheltered, Very Sheltered and Temporary Accommodation), could have their rents increased by no more than CPI plus 1%. It is understood that the exception will not be laid down in the legislation therefore the Council can decide whether to apply it or not. Discussions at this late stage were held with the Leader, Members, Council officers and NPH around the following:

- i) the exemption to supported housing and therefore increase the rents on those by up to CPI plus 1% was a choice for the Council;
- ii) the financial impact of not applying the exemption up to the maximum of CPI plus 1% to the HRA would be approximately £170k in 2016/17 and approximately £900k over the five year medium term. The likelihood of this impacting the service and investment in future in this stock type was considered and weighed up against the likely impact of the rent increase on the most vulnerable and elderly of the Council's tenants..
- iii) It was recognised that the government is still reviewing the Supported Housing area and there could be impact in this area in the future;

3.3.3.1 The proposal for rent decreases in 2016/17 is therefore -1% on average across the housing stock.

3.3.3.2 This level of decrease changes the previous MTFP by reducing income over the 4 years by £20m which poses a real challenge to future sustainability of the HRA and the resources available to manage the stock. The impact on the original 2015/16 MTFP approved by Council in February 2015 is summarised in the table below:

	BUDGETED	-1%	
	Full Council Feb 2015 HRA MTFP	Revised Forecast	Reduction in income
	Dwelling Rents	Dwelling Rents	Dwelling Rents
	£000	£000	£000
2015/16	51,371	51,371	0
2016/17	52,760	50,857	1,903
2017/18	54,185	50,349	3,836
2018/19	55,644	49,845	5,799
2019/20	58,321	49,347	8,974
○ TOTAL FORECAST LOST INCOME			20,512

3.3.4 Target Rent - In line with the Governments guidance any dwelling that becomes void in year will automatically have its rent realigned to the Formula Rent (target rent), which takes account of average national rent, relative county earnings, number of bedrooms and relative property value. The forecast position of rents at target per property type by number of bedrooms is shown in the table below, after modelling the rents for 2016/17

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

Dwelling Type	At Target	Not at Target	Total
Bedsit	66	223	289
Bungalow	454	24	478
Flat	684	2804	3488
House	4645	557	5202
Maisonette	22	154	176
Sheltered Bedsit	0	2	2
Sheltered Bungalow	1112	3	1115
Sheltered Flat	156	903	1059
Very Sheltered Flat	14	13	27
Total Dwellings	7153	4683	11836

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 relet 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 2016/17 is attached at Appendix 4. The level of Service Charges should be set to enable the full recovery of costs incurred. It is proposed that general Service Charges for 2016/17 are increased in line with RPI as at September 2015 (0.8%). It is also

proposed that charges in relation to Communal Heating Systems are increased by 3% to reflect the current levels of expenditure. The Service Charges have been reflected in the budgeted income figures. There are no changes proposed to the draft budget position.

NPH Management Agreement / Services Being Provided

- 3.3.6 The HRA continues to be the Council's statutory account for the Housing Landlord service, which pays NPH a Total Fee to provide both the Housing Landlord services and those Housing General Fund Services in the scope. The embedding and development of NPH is planned to shape the future HRA budgets as efficiencies and improvements to services are made leading to more investment opportunities into the stock and the service. The added challenge now is to achieve this with markedly lower resources forecast to be available under the new legislation.
- 3.3.7 The Total Fee for 2016/17 has been negotiated in partnership with NPH taking into account the current level of budgets, the detailed draft 30 year HRA Business Plan and the changes in available funding for services in scope. The MTFP shows significant reduction in forecast funds due to the changes being enforced by Government policies. NPH have been working with the Council to ensure that a balanced budget can be delivered and trying to mitigate the impact on services. It should be noted that the Asset Management Plan is to be updated early in the new financial year which will lead to a comprehensive review of the HRA Business Plan which will incorporate assumptions coming out of the government in relation to the Bills currently before Parliament.
- 3.3.8 In line with the changes since draft budget a schedule of all changes to the NPH total Fee since the 16th December 2015 proposals is shown below.

NPH Total Management Fee	December Cabinet	February Cabinet
	£k	£k
Analysed by		
Management - HRA	10,606	11,437
Management - GF Housing	246	246
Maintenance - Managed Budget Responsive	12,801	12,801
Manintenance - Managed Budget Cyclical	3,824	3,824
Capital - Managed Budget Improvement to Homes	20,636	20,636
Capital - Managed Budget Improvement to Environment	4,801	3,970
TOTAL	52,914	52,914

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.

HRA Reserves

- 3.3.9 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.

Summary	Balance B/f 1 Apr 2016	Earmarked in Year	Applied in Year	Balance C/f 31 Mar 2017
	£	£	£	£
HRA Capital Investment Reserve	(8,314,037)	0	7,516,977	(797,060)
HRA Supporting People Reserve	(558,487)	0	0	(558,487)
HRA Reform Reserve	0	0	0	0
HRA Leaseholder Reserve	(500,000)	0	0	(500,000)
HRA Service Improvement Reserve	(1,350,000)	0	0	(1,350,000)
HRA Insurance Reserve	(300,000)	0	0	(300,000)
Total HRA Reserves	(11,022,524)	0	7,516,977	(3,505,547)
Min Level of Working Balances	(5,000,000)	0	0	(5,000,000)
Total HRA Reserves	(16,022,524)	0	7,516,977	(8,505,547)

3.3.10 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 2015/16 and future investment priorities driven by the Asset Management Plan and decided by the Council.

Adequacy of Working Balances

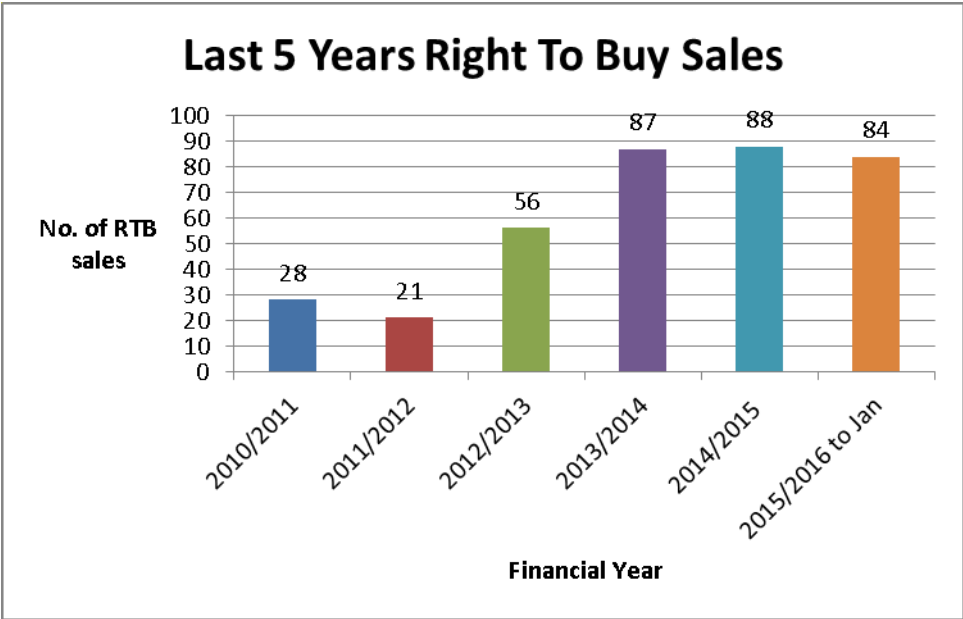
3.3.11 A prudent level of working balance, along with appropriate application of reserves, should be part of the overall budget. The Chief Finance Officer reviews the level of balances required to support the Housing Revenue Account spend annually as part of a robust risk assessment. This risk assessment suggests that the minimum level of balances, taking all known risks into account should be in the order of £5m for 2016/17. 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.

3.3.12 This does not represent a medium to long term safe level of working balances. 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 Housing Revenue Account Capital Programme

The Financial Position

- 3.4.1 The Council continues to face an extremely challenging financial situation in the short to medium term made even more so as a result of the pending legislative changes mentioned earlier in the report. 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 are built in to the capital programme.
- 3.4.2 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 2016/17 onwards. The proposed capital programme at present does not cause the debt cap to be exceeded in any of the financial years from 2016/17 to 2020/21.
- 3.4.3 **New council House Build.** The Council was successful in its bid under the Local Growth Fund government 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 was £8.6m which will allow the Council to borrow specifically for this project. The government issued the Council with a special determination which allows for the additional borrowing for this scheme in 2015/16 and 2016/17 only. Due to technical issues the project will not be considered by Planning Committee until April this year at the earliest. There is a risk that If the scheme cannot be brought back on programme that the additional borrowing from the increase in debt cap will not be available to fund it. In this circumstance the project would need a redirection of the current Capital Programme to fund if it was to go ahead. Updates will be reported to Cabinet in due course.
- 3.4.4 **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:



3.4.4.1 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.

Building the Capital Programme.

3.4.5 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 with reference to the existing joint Asset Management Plan between the Council and NPH and with latest financing input from the HRA Business Plan.

3.4.6 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.

3.4.7 The proposed HRA capital programme for 2016/17 to 2020/21 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.

3.4.8 The table below shows a summary of the draft programme and final proposed capital programme and funding for 2016/17.

Draft HRA Capital Programme and Funding 2016-17

	Draft Budget	Proposed Budget
	2016/17	2016/17
	£'000s	£'000s
Capital Programme 2016-17		
External Improvements	6,300	6,300
Internal Works	4,050	4,050
Energy Works	2,824	2,824
Major Projects	6,330	6,330
Environmental Improvements	4,801	3,970
Disabled Adaptations	1,132	1,132
New Build - Dallington	8,706	8,706
Use of 1-4-1 Receipts	1,138	1,138
Total HRA Capital Programme	35,281	34,450
Funding Source:		
Borrowing	8,864	8,864
Capital Receipts	2,359	2,359
Major Repairs Reserve	13,008	13,008
Section 106 Contributions	706	706
Revenue/Earmarked Reserve	10,345	9,513
Total Funding	35,281	34,450

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

3.4.10 The main focus is the achievement and then maintenance of the Northampton Standard.

3.4.11 The HRA capital programme for 2016/17 and beyond will be refined in conjunction with NPH, in line with the Asset Management Plan refresh, and HRA Business Plan review due in 2016/17 and taking into account more detail on the changes currently going through Parliament when they are released.

3.5 The Next Steps

3.5.1 The timetable for the 2016/17 budget process requires a meeting of the Council on 29th February 2016, at which consideration will be given to the recommendations of this Cabinet in relation to the expenditure, income, and rent proposals that relate to HRA spending.

3.6 Consultation

3.6.1 The consultation 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.

- 3.6.2 Public consultation commenced 18 December 2015 and ended 31 January 2016. The consultation period will formally close on the date the budget is approved in February 2016.
- 3.6.3 The Council's dedicated budget information web pages received over **400** visits and **90** people completed online questionnaires. Other panels also consulted on the rents are detailed in Appendix 6.
- 3.6.4 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 20 January 2016. The views of the Overview and Scrutiny Committees can be found in the General Fund Budget report at Appendix 2.
- 3.6.5 Audit Committee reviewed the budget proposals from a risk perspective on 18 January 2016. The key risks identified can be found in the General Fund Budget report at Appendix 3.

3.7 Choices (Options)

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

4. Implications (including financial implications)

4.1 Policy

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

4.2 Resources and Risk

- 4.2.1 HRA budgets have been updated to reflect the 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 The Public Sector Equality Duty (PSED) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out its activities. Failure to comply with this duty would be challengeable in the courts.
- 4.4.2 Equality and diversity were considered as part of each of the medium term planning options submitted. Equality impact assessments are 'living' documents and will be updated to take into account relevant feedback from the consultation process. Where these documents identify mitigating action, this will be undertaken in implementing the relevant option should it be taken forward and approved in February 2016.

4.5 How the Proposals Deliver Priority Outcomes

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

4.6 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

- 5.1 Capital Strategy 2016 - 2021
- 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 2016-2021

Description	Note	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
INCOME						
		£	£	£	£	£
Rents - Dwellings Only	(1)	(50,494,000)	(49,601,500)	(48,721,700)	(48,845,100)	(48,413,200)
Rents - Non Dwellings Only	(1)	(1,108,800)	(1,102,200)	(1,095,700)	(1,089,200)	(1,082,800)
Service Charges		(2,076,586)	(2,095,842)	(2,110,499)	(2,120,300)	(2,139,480)
Other Income		(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
Total Income		(53,734,386)	(52,854,541)	(51,982,897)	(52,109,597)	(51,690,476)
EXPENDITURE						
Repairs and Maintenance	(2)	16,624,687	15,711,823	14,769,272	13,438,965	13,738,965
General Management	(2)	7,462,176	7,022,643	6,558,646	5,796,281	6,046,281
Special Services	(2)	4,599,156	4,628,052	4,656,011	4,685,139	4,685,139
Rents, Rates, Taxes & Other Charges		278,675	278,675	278,675	278,675	278,675
Increase in Bad Debt Provision		550,000	600,000	650,000	650,000	650,000
Total Expenditure		29,514,694	28,241,193	26,912,605	24,849,060	25,399,060
Continuation Budget		(24,219,692)	(24,613,348)	(25,070,292)	(27,260,537)	(26,291,416)
Medium Term Planning Options		0	0	0	0	0
Net Recharges from the General Fund		2,944,907	2,944,907	2,944,907	2,944,907	2,944,907
Interest & Financing Costs						
- Interest on balances		(166,250)	(87,230)	(105,720)	(128,700)	(100,000)
- Mortgage interest		(600)	(600)	(600)	(600)	(600)
- Internal Borrowing (Over funded CFR)		(32,820)	(23,950)	(24,330)	(6,790)	10,900
- Interest Fixed Rate		6,470,000	6,671,000	6,997,000	7,110,000	7,210,000
RCCO		9,513,432	203,600	349,600	2,487,600	2,326,600
Depreciation/MRA		13,008,000	13,430,000	13,982,000	14,234,000	14,489,000
Contribution to / (from) Reserves		(7,516,977)	1,475,621	927,435	620,120	(589,391)
Remaining Deficit / (Surplus)		0	0	0	0	0

Notes

(1) Rent decrease based on Government policy -1% for 4 years, then 2% CPI estimated increase for 2020/21

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

Description	£'000
Repairs and Maintenance	16,625
General Management	7,462
Special Services	4,599
Net Recharges from the General Fund	2,945
Less NBC Retained Budgets	(3,570)
NPH Budget as per Appendix 5	28,061

HRA PRESSURES AND BUDGET PROPOSALS FOR MEDIUM TERM

	2016/2017 £	2017/2018 £	2018/2019 £	2019/2020 £	2020/2021 £
HRA Budget Pressures:					
<u>Government Policy</u>					
- Reduction in Rents of 1% 4 years from 16/17	1,963,810	3,763,810	5,763,810	8,963,810	7,963,810
- RTB / Sale of High Value Stock - Govt Invoice "HRA Tax"					
- Pay to Stay Impact					
<u>Management Agreement Variations (Approved)</u>					
- Increase in Westbridge Lease SLA to include Car Parking	20,000	20,000	20,000	20,000	20,000
<u>Management Agreement Variations (Proposed)</u>					
- Counter fraud Funding	75,000	75,000	75,000	75,000	75,000
<u>Retained HRA</u>					
- Increase in Grounds Maintenance contract charge from GF	286,190	286,190	286,190	286,190	286,190
- Reduction in Contribution to Bad Debt Provision Budget	(200,000)	(150,000)	(100,000)	(100,000)	(100,000)
- Higher Interest earned on balances due to Cap prog underspends	(100,000)	0	0	0	0
Total Potential Reduction / (Increase) in Funding	2,045,000	3,995,000	6,045,000	9,245,000	8,245,000
Retained HRA Proposals					
General Management budget reduced down to level needed taking out the 1 £831,400 and investing back in RCCO (NET) as approved.	(155,899)	(205,899)	(255,899)	(255,899)	(255,899)
Special Services budget reduced to needed level before adjustments 2 needed above	(129,498)	(129,498)	(129,498)	(129,498)	(129,498)
AVAILABLE FROM RETAINED TO BRIDGE THE SHORTFALL	(285,397)	(335,397)	(385,397)	(385,397)	(385,397)
NPH Funding proposals					
1 Management Fee Efficiency TARGET(25%)	(439,900)	(914,900)	(1,414,901)	(2,214,901)	(2,214,901)
2 Repairs and Maintenance Managed Responsive Efficiencies (30%)	(406,500)	(845,400)	(1,307,400)	(2,046,600)	(1,815,600)
3 Repairs and Maintenance Managed Cyclical Efficiencies (30%)	(121,400)	(252,500)	(390,500)	(611,300)	(542,300)
4 Capital Investment to Houses Rephased or Efficiencies (45%)	(720,600)	(1,498,600)	(2,317,600)	(3,628,000)	(2,968,502)
5 Capital Investment to Environment Rephased or Efficiencies (45%)	(71,203)	(148,203)	(229,202)	(358,802)	(318,300)
PROPOSED BY NPH TO BRIDGE SHORTFALL	(1,759,603)	(3,659,603)	(5,659,603)	(8,859,603)	(7,859,603)
REVISED FUNDING GAP	0	0	0	0	0

Proposed Capital Programme 2016-17 to 2020-21 - HRA

	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	£	£	£	£	£	£
- Property maintenance (inc' flats & landscaping)	5,500,000	detail to be advised when Asset Management Plan finalised				
- St Katherines - cladding, services & communal	800,000					
External Improvements	6,300,000	5,800,000	5,400,000	4,900,000	5,000,000	27,400,000
- Former bypassed homes	2,600,000	detail to be advised when Asset Management Plan finalised				
- Other communal area improvement works	250,000					
- Voids modernisations	1,200,000					
Internal Works	4,050,000	3,900,000	3,500,000	3,300,000	3,500,000	18,250,000
- Solid wall/timber framed homes: insulation	1,324,000	detail to be advised when Asset Management Plan finalised				
- Electric to Gas fuel switch	200,000					
- Abbey Street blocks: EWI and assoc' works	1,000,000					
- Renewables	300,000					
Energy Works	2,824,000	2,700,000	2,400,000	2,000,000	2,000,000	11,924,000
- Little Cross Street - Demolition, acquisition & new build	2,050,000	detail to be advised when Asset Management Plan finalised				
- Tom's Close	200,000					
- Lakeview House	100,000					
- Eleonore House	1,600,000					
- Overslade & Padget House	100,000					
- Garage Review costs	380,000					
- Elderley persons homes	250,000					
- Structural improvements	150,000					
- Compliance: asbestos - linked to Cap Voids	300,000					
- Fire risk	400,000					
- Door entry upgrades	350,000					
- Car parking schemes	200,000					
- Consultancy costs	250,000					
Major Projects	6,330,000	5,800,000	5,600,000	5,100,000	5,400,000	28,230,000
- Fencing projects	3,000,000	detail to be advised when Asset Management Plan finalised				
- Landscaping projects to flat blocks	850,000					
- Urgent grounds maintenance	20,000					
- Reactive works carried out by DLO	100,000					
Environmental Improvements	3,970,000	3,622,900	3,142,600	2,909,000	3,009,000	16,653,500
Disabled Adaptations	1,132,000	1,132,000	1,132,000	1,132,000	1,132,000	5,660,000
New Build - Dallington	8,706,000	0	0	0	0	8,706,000
Use of 1-4-1 Receipts	1,138,000	1,357,000	1,200,000	1,200,000	1,200,000	6,095,000
TOTAL CAPITAL PROGRAMME - HRA	34,450,000	24,311,900	22,374,600	20,541,000	21,241,000	122,918,500

SPLIT:						
Improvements to Homes	20,636,000	19,332,000	18,032,000	16,432,000	17,032,000	91,464,000
Improvements to Environment	3,970,000	3,622,900	3,142,600	2,909,000	3,009,000	16,653,500
Total NPH	24,606,000	22,954,900	21,174,600	19,341,000	20,041,000	108,117,500
NBC Retained (New Build and 141 Receipts)	9,844,000	1,357,000	1,200,000	1,200,000	1,200,000	14,801,000
Total Capital Programme - HRA	34,450,000	24,311,900	22,374,600	20,541,000	21,241,000	122,918,500

FINANCING:						
Major Repairs Reserve/Depreciation	13,008,000	13,430,000	13,982,000	14,234,000	14,489,000	69,143,000
Capital Receipts - Right to Buy (excl 1-4-1)	1,221,000	1,245,000	1,270,000	1,295,000	1,290,000	6,321,000
Capital Receipts - RTB 1-4-1 Receipts	1,138,000	1,357,000	1,200,000	1,200,000	1,200,000	6,095,000
Revenue/Earmarked Reserve	9,513,432	203,600	349,600	2,487,600	2,326,600	14,880,832
Borrowing	863,568	8,076,300	5,573,000	1,324,400	1,935,400	17,772,668
Section 106 - New Build Dallington	706,000	0	0	0	0	706,000
Additional Borrowing Cap re New Build	8,000,000	0	0	0	0	8,000,000
Total Financing - HRA	34,450,000	24,311,900	22,374,600	20,541,000	21,241,000	122,918,500

SCHEDULE OF SERVICE CHARGES 2016/17

<u>SERVICE CHARGES (48 week Basis)</u>		PRESENT	PROPOSED
		£	£
Garages (+VAT in some cases)		8.83	8.90
Commuter Surcharge on Garages (+VAT in some cases)		14.03	14.14
Communal Heating		9.95	10.25
Sheltered Charges			
- Level 1 Low		5.90	5.95
- Level 2 Medium		12.80	12.90
- Level 3 High		18.79	18.94
Brookside Meadows New Build - Service Charges			
- Tarmac and Block Paving		3.69	3.72
- Electric Gates		1.03	1.04
CCTV		3.63	3.66
Grounds Maintenance		1.98	2.00
<u>Non- Standard Service Charges</u>			
Electricity Communal	Low	0.11	0.11
	High	6.65	6.70
Estate Services - Cleaning and Caretaking			
- Service Level 1		0.37	0.37
- Service Level 2		0.90	0.91
- Service Level 3		1.12	1.13
- Service Level 4		1.49	1.50
- Service Level 5		2.24	2.26
- Service Level 6		3.36	3.39
- Service Level 7		4.47	4.51
- Service Level 8		4.47	4.51

		NPH				
		2016/17	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
		£	£	£	£	£
Housing Management & Maintenance(HRA)						
Total	Repairs & Maintenance	14,276,800	13,388,483	12,471,045	11,168,268	11,468,268
Total	General Management	6,005,150	5,551,342	5,072,744	4,294,356	4,544,356
Total	Special Services	3,891,038	3,909,662	3,927,110	3,944,730	3,944,730
Total	Recharges	3,888,031	3,888,031	3,888,031	3,888,031	3,888,031
TOTAL HRA		28,061,019	26,737,518	25,358,930	23,295,385	23,845,385
Housing General Fund						
Total	Travellers Site	165,689	165,827	165,967	166,108	166,108
Total	Home Choice & Resettlement	80,784	81,579	82,381	83,192	83,192
TOTAL GF HOUSING		246,473	247,406	248,349	249,300	249,300
TOTAL REVENUE		28,307,492	26,984,924	25,607,279	23,544,685	24,094,685
HRA Capital Programme		24,606,000	22,954,900	21,174,600	19,341,000	20,041,000
GRAND TOTAL		52,913,492	49,939,824	46,781,879	42,885,685	44,135,685
Analysed by						
	Management - HRA (including Special Services)	11,436,332	11,025,695	10,589,658	9,856,420	10,106,420
	Management - GF Housing	246,473	247,406	248,349	249,300	249,300
	Maintenance - Managed Budget Responsive	12,801,009	12,098,104	11,372,340	10,348,003	10,579,003
	Maintenance - Managed Budget Cyclical	3,823,678	3,613,719	3,396,933	3,090,962	3,159,962
	Capital - Managed Budget Improvement to Homes	20,636,000	19,332,000	18,032,000	16,432,000	17,032,000
	Capital - Managed Budget Improvement to Environment	3,970,000	3,622,900	3,142,600	2,909,000	3,009,000
Total		52,913,492	49,939,824	46,781,879	42,885,685	44,135,685
Notes:						
All figures are subject to the annual approval, by Council, of the HRA and General Fund budgets in accordance with clause 10						
Estimated figures for future years are shown in real terms excluding inflation.						
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						

Rent Review 2016/17 - Tenant Consultation

Consultation with tenants about the 2016/17 rent review has been undertaken through both the Rent and Welfare Reform Service Improvement Panel and the Tenant Panel.

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

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

Both panels are open to all tenants.

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

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

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



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

29 February 2016

Agenda Status: PUBLIC

Directorate: Management Board

Report Title	Council Tax Resolution 2016/17
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1. Summary

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

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

3. Issues and Choices

3.1 Report Background

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

3.1.2 If the recommendation above is approved there will be 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 2016/17 are detailed in **Appendix C** and total £1,044,721. The average Band D Council Tax for Parish Councils has

reduced by 1.6% and results in an average Band D Council Tax figure of £16.23 for 2016/17.

- 3.1.4 Northamptonshire County Council meets on 29 February 2016 and is putting forward for approval their precept at £71,517,761. This results in a Band D Council Tax of £1,111.25.
- 3.1.5 The Northamptonshire Police and Crime Commissioner has approved their precept at £13,190,803. This results in a Band D Council Tax of £204.96.
- 3.1.6 The budget requirement for council tax setting purposes is £14,425,380.
- 3.1.7 **Appendices A to C** have been drafted on the assumption that the revenue budget and consequential Council Tax for Northampton Borough Council are approved as put forward earlier on this agenda, and that Northamptonshire County Council approve their precept, as put forward at their meeting on the 29th February 2016. If any of these items are approved with changes to what was set out in the papers published in advance of these meetings, then **Appendices A to C** would be amended and tabled at the NBC Council meeting to accompany this report.
- 3.1.8 If the formal Council Tax Resolution at **Appendix A** is approved, the total Band D Council Tax will be as follows:

	2015/16	2016/17	Increase / (decrease)		%
	£	£	£ Per Annum	£ Per Week	Increase/ (decrease)
Northampton BC	207.91	207.91	0.00	0.00	0.00%
Northamptonshire Police and Crime Commissioner	200.96	204.96	4.00	0.08	1.99%
Northamptonshire County Council	1,069.02	1,111.25	42.23	0.81	3.95%
Sub Total	1,477.89	1,524.12	46.23	0.88	3.13%
Parish Precepts (Average)	16.50	16.23	-0.27	-0.01	-1.62%
Total	1,494.39	1,540.35	45.96	0.88	3.08%

- 3.1.9 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 2016/17

- 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 were split and become two parish councils.
- 3.2.4 The 2016/17 Council Tax Resolution shows the two new parish councils separately.

4. Implications (including financial implications)

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

- 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.

David Kennedy, Chief Executive, ext 7726
Glenn Hammons, Chief Finance Officer, 01604 366521

Council Tax Resolution 2016/17

Northampton Borough Council (hereinafter referred to as “the Council” in this resolution) calculated the following amounts for the year 2016/2017 in accordance with various regulations and RESOLVES for the financial year 2016/2017 to:

- 1 Note that on 25/01/2016 the Council calculated the Council Tax Base 2016/17:
- a) for the whole council area as: 64,358 (Item T in the formula in section 31B of the Local Government Finance Act 1992, as amended)
- b) for the parish precept area as: 20,745 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 2016/17 (including parish precepts) at £14,425,380.
- | | £ | |
|--|------------|--|
| a) Net Expenditure on Council Services including formula grant | 13,380,659 | |
| b) Parish Council Precepts | 1,044,721 | |
| c) Total Council Tax Requirement | 14,425,380 | |
- 3 Set the following amounts in accordance with sections 31 to 36 of the Local Government Finance Act 1992:
- a) Relevant Gross Expenditure 124,767,705 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 (110,342,325) 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 14,425,380 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 224.14 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).
- e) Total of Special Items 1,839,541 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 2016/17 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 2016/17 (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	2,627	170,373	64.86	195.56	260.42
Collingtree	514	18,140	35.29	195.56	230.85
Duston	5,448	459,535	84.35	195.56	279.91
Great Houghton	288	20,770	72.24	195.56	267.80
Hardingstone	782	41,401	52.92	195.56	248.48
Upton	2,617	32,400	12.38	195.56	207.94
Wootton	2,927	169,592	57.93	195.56	253.49
East Hunsbury	3,412	197,342	57.84	195.56	253.40
Hunsbury Meadows	505	14,695	29.08	195.56	224.64
West Hunsbury	1,625	7,255	4.47	195.56	200.03
Unparished Area	43,613	708,039	16.23	195.56	211.79
	<u>64,358</u>	<u>1,839,541</u>			

Schedule B	Basic Amount of Council Tax for each Council Tax band							
Valuation Bands	A	B	C	D	E	F	G	H
Factor	6	7	8	9	11	13	15	18
	£	£	£	£	£	£	£	£
Area:								
Billing	173.61	202.55	231.48	260.42	318.29	376.16	434.03	520.84
Collingtree	153.90	179.55	205.20	230.85	282.15	333.45	384.75	461.70
Duston	186.61	217.71	248.81	279.91	342.11	404.31	466.52	559.82
Great Houghton	178.53	208.29	238.04	267.80	327.31	386.82	446.33	535.60
Hardingstone	165.65	193.26	220.87	248.48	303.70	358.92	414.13	496.96
Upton	138.63	161.73	184.84	207.94	254.15	300.36	346.57	415.88
Wootton	168.99	197.16	225.32	253.49	309.82	366.15	422.48	506.98
East Hunsbury	168.93	197.09	225.24	253.40	309.71	366.02	422.33	506.80
Hunsbury Meadows	149.76	174.72	199.68	224.64	274.56	324.48	374.40	449.28
West Hunsbury	133.35	155.58	177.80	200.03	244.48	288.93	333.38	400.06
Unparished Area	141.19	164.73	188.26	211.79	258.85	305.92	352.98	423.58

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	740.83	864.31	987.78	1,111.25	1,358.19	1,605.14	1,852.08	2,222.50
Northamptonshire Police and Crime Commissioner	136.64	159.41	182.19	204.96	250.51	296.05	341.60	409.92

Schedule D	Aggregate Council Tax for each Council Tax band							
Valuation Bands	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Area:								
Billing	1,051.08	1,226.27	1,401.45	1,576.63	1,926.99	2,277.35	2,627.71	3,153.26
Collingtree	1,031.37	1,203.27	1,375.17	1,547.06	1,890.85	2,234.64	2,578.43	3,094.12
Duston	1,064.08	1,241.43	1,418.78	1,596.12	1,950.81	2,305.50	2,660.20	3,192.24
Great Houghton	1,056.00	1,232.01	1,408.01	1,584.01	1,936.01	2,288.01	2,640.01	3,168.02
Hardingstone	1,043.12	1,216.98	1,390.84	1,564.69	1,912.40	2,260.11	2,607.81	3,129.38
Upton	1,016.10	1,185.45	1,354.81	1,524.15	1,862.85	2,201.55	2,540.25	3,048.30
Wootton	1,046.46	1,220.88	1,395.29	1,569.70	1,918.52	2,267.34	2,616.16	3,139.40
East Hunsbury	1,046.40	1,220.81	1,395.21	1,569.61	1,918.41	2,267.21	2,616.01	3,139.22
Hunsbury Meadows	1,027.23	1,198.44	1,369.65	1,540.85	1,883.26	2,225.67	2,568.08	3,081.70
West Hunsbury	1,010.82	1,179.30	1,347.77	1,516.24	1,853.18	2,190.12	2,527.06	3,032.48
Unparished Area	1,018.66	1,188.45	1,358.23	1,528.00	1,867.55	2,207.11	2,546.66	3,056.00

Parish & Town Council Precepts

	2015/16			2016/17			
	Tax Base	Precepts £	Council Tax Band D (£)	Tax Base	Precepts £	Council Tax Band D (£)	Council Tax Increase
Billing	2,507	144,632	57.70	2,627	147,164	56.02	-2.9%
Collingtree	507	12,140	23.95	514	18,140	35.29	47.4%
Duston	5,358	415,035	77.46	5,448	443,101	81.34	5.0%
Great Houghton	284	20,770	73.03	288	20,770	72.24	-1.1%
Hardingstone	761	23,401	30.74	782	41,401	52.92	72.1%
Upton	2,181	27,000	12.38	2,617	32,400	12.38	0.0%
Wootton & East Hunsbury	6,258	327,100	52.27	n/a	n/a	n/a	n/a
Wootton	n/a	n/a	n/a	2,927	169,150	57.78	n/a
East Hunsbury	n/a	n/a	n/a	3,412	157,900	46.28	n/a
Hunsbury Meadows	489	14,220	29.07	505	14,695	29.08	0.0%
West Hunsbury	1,602	37,500	23.41	1,625	0	0.00	-100.0%

Parish & Town Council Precepts including Special Expenses

	Precepts Band D (£)	Special Expenses Band D (£)	Total (£)
Billing	56.02	8.84	64.86
Collingtree	35.29	0.00	35.29
Duston	81.34	3.01	84.35
Great Houghton	72.24	0.00	72.24
Hardingstone	52.92	0.00	52.92
Upton	12.38	0.00	12.38
Wootton	57.78	0.15	57.93
East Hunsbury	46.28	11.56	57.84
Hunsbury Meadows	29.08	0.00	29.08
West Hunsbury	0.00	4.47	4.47
Unparished	0.00	16.23	16.23