NORTHAMPTON BOROUGH COUNCIL

COUNCIL

Monday, 27 February 2017

YOU ARE SUMMONED TO ATTEND A MEETING OF NORTHAMPTON BOROUGH COUNCIL, WHICH WILL BE HELD AT THE GUILDHALL NORTHAMPTON ON MONDAY, 27 FEBRUARY 2017 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 Monday, 30 January 2017

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 2017/18

(Copy herewith)

9. HOUSING REVENUE ACCOUNT- RENT SETTING, REVENUE AND CAPITAL BUDGETS 2017/18

(Copy herewith)

10. COUNCIL TAX- 2017/18

(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

Comments and Petitions

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

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

NOTES

i. Comments may be on one or more subjects but each person has no longer than three minutes to have their say.

i. 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.

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MINUTES

OF THE PROCEEDINGS OF A MEETING OF NORTHAMPTON BOROUGH COUNCIL HELD AT THE GUILDHALL, NORTHAMPTON, ON Monday, 30 January 2017 AT SIX THIRTY O'CLOCK IN THE EVENING

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

COUNCILLORS: Ansell, Ashraf, Aziz, Beardsworth, Birch, Bottwood, Caswell, Chunga, Culbard, Davenport, Duffy, G Eales, T Eales, Eldred, Golby, Gowen, Hadland, Hallam, Haque, Hibbert, J Hill, M Hill, Kilbride, King, Larratt, B Markham, M Markham, Marriott, McCutcheon, Meredith, Nunn, Oldham, Parekh, Patel, Russell, Sargeant, Kilby-Shaw, Smith, Stone and Walker

1. APOLOGIES.

Apologies were received from Councillors Cali, Choudary and Flavell and Lane.

2. DECLARATIONS OF INTEREST

There were none.

3. COUNCIL TAX REDUCTION SCHEME

Councillor Eldred submitted a report that sought Council's approval of the proposed amendment to the Local Tax reduction scheme from a 29% reduction in support in 2016/17 to a 35% reduction in 2017/18. He clarified that pensioners and war widows would be exempt from the reduction.

Councillor Larratt seconded the report.

Councillor Stone questioned why the administration was asking the poorest residents to pay and noted that 67 other local authorities had found ways of protecting their poorest, questioning why Northampton Borough Council had not done the same. She noted that work incentives had weakened and that for many residents, work did not pay. She stated that there was a real possibility of more residents falling into arrears is this proposal was to be agreed.

Councillor Birch noted that there were other reforms that would be affecting the most vulnerable, including cuts to PIP, Universal Credit and Housing Benefit. She stated that most of the residents claiming CTRS were on a reduced benefit to begin with and that this would only lead to more debt for people who were already struggling.

Councillor Beardsworth noted that residents would be hit with an increase in rates from both the Borough and County Councils. She stated that there were other ways to increase revenue that did not hit the most vulnerable, noting that many residents already have to choose between heating and eating and that figures showed 1 in 4 children living in poverty. She commented that local income tax would be a fairer means of revenue.

Councillor Ashraf echoed the concerns raised by other Councillors, stating that many of her constituents were only just managing and that they were already feeling the burden of austerity on their shoulders. She suggested that the administration take more time to come up with a different, fairer means of generating revenue.

Councillor Davenport expressed concerns about the reduced benefit cap, stating that this, along with the reduction in CTRS, would undoubtedly lead to more homelessness. She stated that the situation needed to be looked at holistically.

Councillor Haque echoed sentiments expressed by previous Councillors, noting that many residents in his ward were classed as vulnerable and already struggling.

Members debated the report.

RESOLVED:

That Council endorse the recommendation contained in the Cabinet Report attached no later than the 31st January 2017.

4. COUNCIL TAX BASE 2017 -2018

Councillor Eldred submitted a report that sought the approval of the tax base for 2017/18.

Councillor Larratt seconded the report.

Councillor Stone expressed her support, but went on to note that it was regrettable that Council Tax had been frozen for 6 years, rather than increasing it in line with inflation. The poorest, she stated, would once again be receiving the hit.

Councillor Beardsworth stated that an increase was necessary to pay for frontline services but noted her disdain for the 6 year Council Tax freeze.

Members debated the report.

RESOLVED:

That Council approve the tax base for 2017/18 at 65,709.29 Band D equivalent properties and associated parish tax bases within this report.

	2016/17	2017/18	Change
Billing	2,626.96	2,678.57	51.61
Collingtree	513.97	513.75	-0.22
Duston	5,447.94	5,471.83	23.89
Great Houghton	287.50	288.21	0.71
Hardingstone	782.38	795.44	13.06
Upton	2,617.14	2,993.14	376.00

Wootton, Wootton Fields & Simpson Manor	2,927.45	2,940.72	13.27
East Hunsbury	3,412.11	3,408.98	-3.13
West Hunsbury	1,624.70	1,645.76	21.06
Hunsbury Meadow	505.36	501.41	-3.95
Northampton (Unparished)	43,612.52	44,471.48	858.96
Total tax base	64,357.94	65,709.29	1,351.35

The meeting concluded at 7:24pm.

Appendices:
1

COUNCIL
27th February 2017

Agenda Status: Public **Directorate:** Chief Executive

Report Title	**CORPORATE PLAN 2017 - 2022**

1. Purpose

1.1 To approve the Corporate Plan 2017 - 2022

2. Recommendations

2.1 Council is recommended by Cabinet to approve the Corporate Plan for 2017 – 2022 and delegate to the Chief Executive and the Leader of the Council any final necessary amendments to finalise the Corporate Plan for publication.

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 2017-2022. 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.

3.1.5 The 2017- 2022 Corporate Plan is a refresh of the 2016 - 2020 Corporate Plan, approved by Full Council on 29th February 2016. The new plan has been updated to reflect progress and amended or additional priorities.

3.1.6 A key addition to the 2017 - 2022 Corporate Plan is the management, monitoring and review of the Governance Action Plan. The Governance Action Plan has been developed to reflect the importance of good governance to the achievement of the council's priorities and is therefore an important tool to assist the delivery of the new Corporate Plan.

3.2 Issues

3.2.1 The purpose of the Corporate Plan is to ensure that it encapsulates the key points of direction, priority and commitment which the Council wishes to adopt.

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.

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 Efficiency Plan; 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 arising 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 Other Implications

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.

5. Background Papers

5.1 None

David Kennedy, Chief Executive

NORTHAMPTON
BOROUGH COUNCIL

Securing Northampton's Future

Corporate Plan

2017-2022

Northampton is a growing Town. 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 London (Cities Outlook 2017, published by Centre for Cities, 2017). 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 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 in leaps and bounds. The nationally and internationally renowned Royal and Derngate, with its wide cultural offer, sits at the heart of the growing and exciting cultural quarter. The development of a new and expanded Museum and Art Gallery alongside creative and cultural businesses, a new home for the National Leather Collection making it accessible to visitors, 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 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.

More people are coming to live in Northampton every year. The population is also 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. The Council will continue to advocate that growth and infrastructure need to be managed well together if growth is to be successful.

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 nearly two years 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 2021/22 we have a forecast gap in our net General Fund budget of 18% or about £5m 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 strengthen 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 continue to be developed for how the Council will use these business development priorities to meet the financial challenge ahead and continue to balance the books going forward.

We recognise the importance of good governance in driving to achieve our priorities and in order to achieve improvement in this we have adopted a Governance Action Plan with implementation overseen by the Council through its Audit Committee. Implementation and further development of the Plan will ensure high standards of governance including in decision-making, risk management, financial control and assurance, accountability and ensure compliance with these expected standards throughout the Council.

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.

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 Jonathan Nunn
Leader of the Council

February 2017

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
- Ensuring that a buoyant market provides a wide choice of homes for all ages

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

Improving Our Governance

- Implementing the Governance Action Plan

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 health sector, 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
- Regularly communicate and meet with market traders and work with them to develop and maintain a vibrant market. Freeze rent for market traders
- Bring forward development plans on the Greyfriars site
- Promote and support the Business Incentive Scheme
- Support Business Improvement Districts in Town Centre and Brackmills
- Promote and enhance the towns key gateways
- Continue to support the local Cycle CoNNect scheme
- Continue to support Delapre Abbey

- Support the delivery of the St James Mill Road link
- Work towards completing the redevelopment of the St Edmund’s site
- Have planning policies that include infrastructure first and that oppose inappropriate development on the edge of the borough
- Work to bring full control of Planning Policy back for the West Northamptonshire Joint Strategy Planning Committee back to Northampton
- Ensure that the emerging Local Plan reflects local priorities
- Continue free parking offer in council owned car parks
- Continue to support and promote the economy of the town
- Work with partners and developers to deliver the North West bypass – the much needed infrastructure - at the earliest opportunity

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
- Use licensing powers to ensure the people of Northampton are kept safe
- Work with the Police and other partners to reduce begging and street drinking and take a hard line on intimidating behavior by ‘chuggers’ through the Public Spaces Protection Order
- Continue to work in partnership with the police to reduce crime and make the town safer through the Community Safety Partnership
- Support the Women’s, Youth, Pensioner’s, Disabled, Diverse, LGBT Forums and Parish Councils through their new Forum, for the benefit of communities and to address local priorities
- Promote social inclusion in Partnership with other agencies and the community

Priority: Protecting Our Environment

A clean and attractive town for residents and visitors

- Work with local communities to keep Northampton clear, tidy and well maintained

Protecting Our Environment commitments

- Continue to work with the Council's environmental service provider to try to ensure the best service for the people of Northampton
- Continue to raise the standard of cleanliness in the town centre
- Maintain high standards in our parks and green spaces and increase the number of Green Flag awards
- Retain and encourage both existing and new Park Management Committees, to ensure they give the community an active say in the running of our parks and address specific park needs and ensure they address specific park needs
- Work with the Council's environmental service provider to try to ensure the best service for the people of Northampton
- Commit to holding a wide range of events in each park such as the bands in park programme in Abington Park and to view each park has a focal point for community activity and as a 'community centre without a roof'
- Enhance the standard of play equipment in parks and play areas by introducing a specific budget for play equipment and encouraging grant funding for new areas of play equipment
- Support residents wanting a new allotment and to work with existing committees to help improve current allotment sites
- Improve the standard of tree maintenance by implementing the enhanced tree management programme
- Continue to support the Neighbourhood Wardens and Park Ranger Services and to embrace technology to help them better undertake their duties
- Continue with Northampton in Bloom and participation in Britain in Bloom to help promote community involvement in improving the look and feel of the town

- Adopt a zero-tolerance to fly-tipping and dog fouling, supported by third party enforcement
- Commission a new environment services provider, in readiness for when the current contract comes to an end in June 2018
- The Council will develop its low emissions strategy

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, in accordance with a new Housing Needs Analysis
- Help people to achieve and maintain independence, including through the Disabled Facility Grant

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 mobility and older persons' housing
- Transform housing services using the wellbeing model
- Continue to identify new opportunities to build new council homes
- Protect residents against inappropriate 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
- Continue to implement the Rough Sleepers Strategy
- Manage the increasing demand for temporary accommodation by seeking new ways to meet housing need, such as the social lettings agency
- Take a tough stance on anti-social and irresponsible tenants who adversely affect the quality of life of their neighbours

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
- Encourage 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
- Undertake Museum expansion project, consider a Museum Trust for Northampton, and support the National Leathercraft Collection
- 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 town’s history, heritage and culture
- Develop and implement a Cultural Strategy and Action Plan
- Ensure Armed Forces Community Covenant continues as a key Council policy

- Provide a range of quality events to support the economic vibrancy of the town

- Open One Stop Shop at the Guildhall on Saturday mornings when required

- 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

- Implement the culture change mission, vision and values as developed by the employees of the Council and continue to transform the culture of the Council accordingly
- 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
- Manage, monitor and review the implementation of the Governance Action Plan
- Seek the best possible Unitary Governance solution for Northampton

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

In accordance with the introduction to this plan, it is outlined that there 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	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. 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. This priority will build on existing positive work between councillors and Parish Councils, residents groups, interest groups and community organisation. Empowering communities will enhance wellbeing as well as enable future challenges to be addressed.

Economic Growth	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. Building on the success of Northampton Alive to date, the Borough Council will continue to: - 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. - 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 - work with other key stakeholders to meet the towns strategic regeneration aims including the delivery of the Northampton Waterside Enterprise Zone - 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

Appendices:
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COUNCIL

27^{th} February 2017

AGENDA STATUS: PUBLIC **DIRECTORATE: CHIEF EXECUTIVE**

Report Title	**Report by Chief Finance Officer on Robustness of Budget Estimates and Adequacy of Reserves**

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 to Council the Council's Medium Term Financial Plan 2017/22, the Revenue Budget for 2017/18, Capital Programme 2017/22, Reserves levels and Treasury Management Strategy 2017/18.

2. Recommendations

2.1 That Council carefully consider 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 2017/22, the Revenue Budget for 2017/18, Capital Programme 2017/22 and Treasury Management Strategy 2017/18.

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.

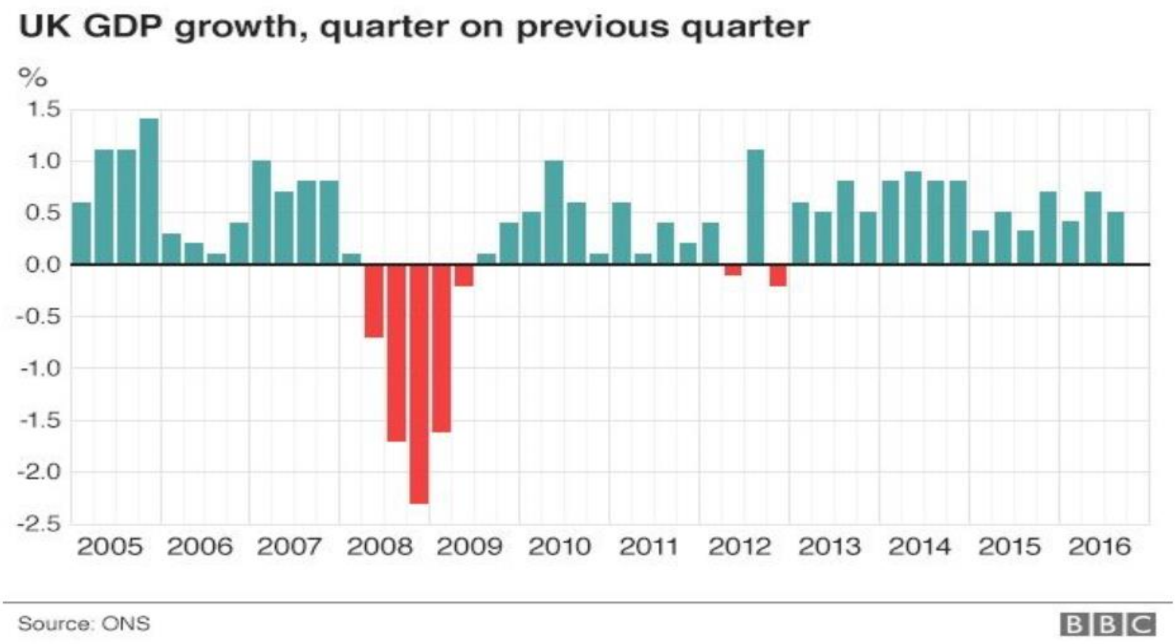
3.2 Context

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.

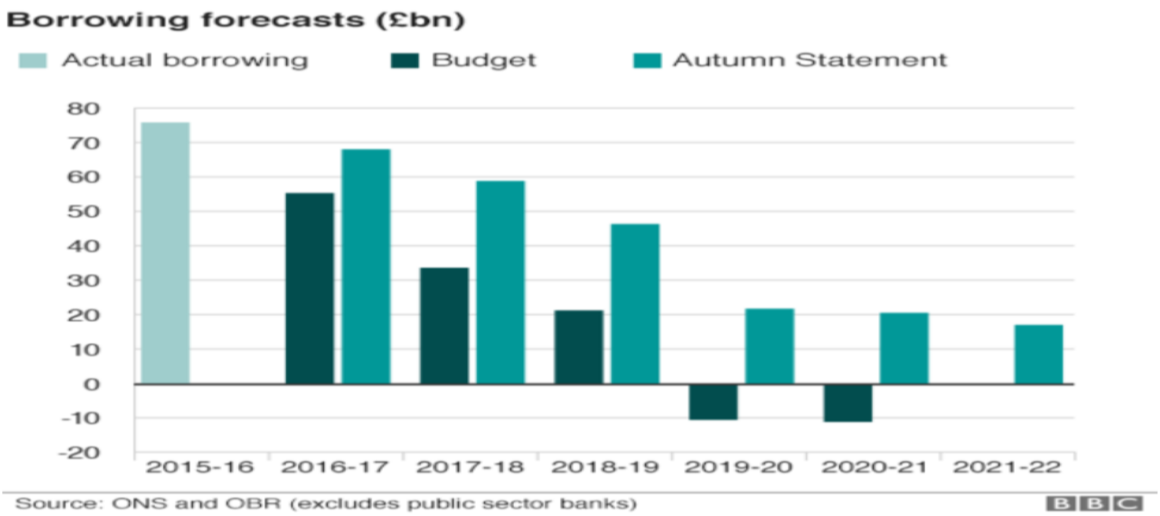
Economic Challenges

3.2.2 In 2016 the estimated annual growth in the UKs Gross Domestic Product (GDP) was around 2%. Based on forecasts by the International Monetary Fund (IMF) this growth is expected to continue for 2017, albeit at a slower rate as a result of uncertainties with regards to the impact of leaving the European Union on the economy.

3.2.3 The graph below shows the quarterly growth increase over the past 11 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 positive news for the UK economy.



3.2.4 In the Autumn Statement 2016 the Chancellor announced that government borrowing would be greater than estimated in the Budget 2016. This follows revised forecasts after the vote to leave the European Union. The graph below shows how the annual borrowing forecasts have changed between March (Budget) and November (Autumn Statement) 2016. The impact of this is likely to be continued austerity measured for the public sector beyond 2020.



Local Government Challenges

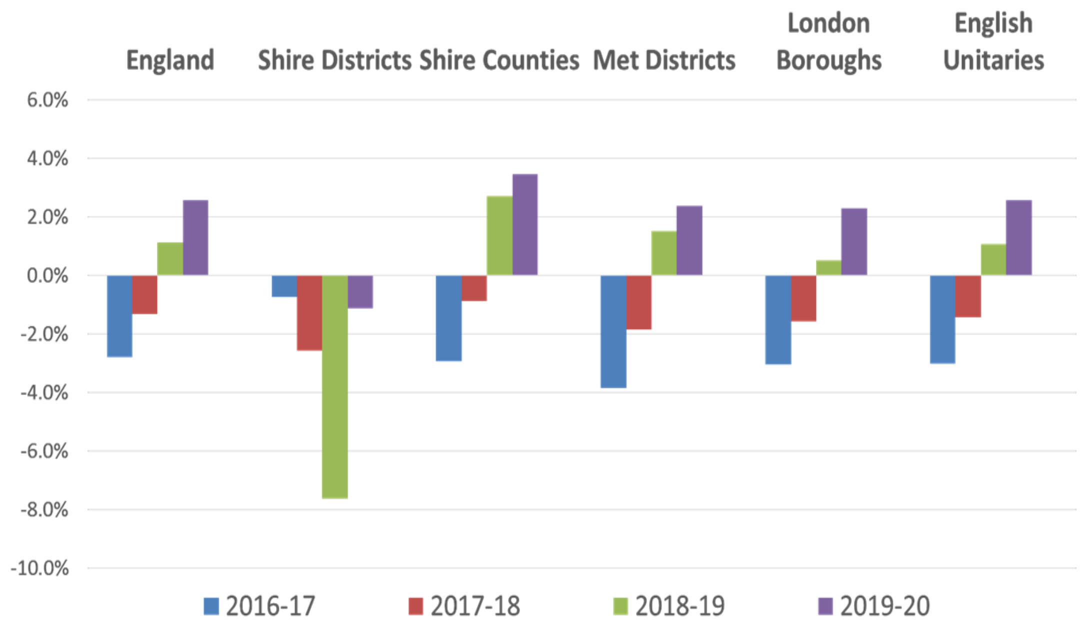
3.2.5 Since 2010 Government funding for local government has reduced by approximately 40% in real terms. A new Government was elected in May 2015 and have subsequently made a number of announcements which have impacted on local government, including Spending Review (November 2015), Autumn Statement 2016 (November 2016) and provisional Local Government Finance Settlement (December 2016). 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.
- Changes to the 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, changes to Right to Buy and a High Value Voids Levy..
- 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 as the Council has accepted the Government's Four Year Funding Offer. 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 how the New Homes Bonus "appeals" criteria will be applied. Even the areas where there is perceived to be more clarity, such as the Four Year Offer, the Government still has the right to change the figures. 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 re-distribution, 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. All of these changes present significant risks to the Council over the period of its Medium Term Financial Plan. The graph below published by the Local Government Association (LGA) clearly demonstrates lower tier (shire district) councils are expected to fare worst in terms of government funding forecasts amongst all sectors of local government until 2020.



Local 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 2016/17 and contributing to reserves in recent years.
- 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 Despite the delivery of these improvements 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 is the need for the Council to implement the Governance Action Plan agreed by the Council's Audit Committee in December 2016. This follows adverse findings from the Council's auditors, both internal and external, after the review of a loan made by the Council to Northampton Town Football Club. It is a top priority for the Council to implement the actions arising from this Plan.

3.3 Medium Term Financial Plan 2017/18 to 2021/22

3.3.1 The Medium Term Financial Plan is a key part of ensuring the Council's future. The approach during the 2017/18 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 2017/18 to 2021/22.

Risks and Mitigations

3.3.2 The Budget Report presented to the Cabinet on 15 February 2017 sets out 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 2017/18 and indicative allocations for the 2 subsequent financial years. As the Council took up the Government's Four Year Funding Offer in October 2016, in theory, the level of Government funding is certain until 2020. However, Government do have the ability to change this Offer. Over this period Revenue Support Grant (RSG) is forecast to reduce from £1.8m in 2017/18 to £0.9m in 2018/19 and negative by 2019/20. This is an aggressive reduction in RSG and would indicate the Council would have a negative RSG in the 2019/20 financial year. 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 100% Business Rates Retention is introduced, see below for more details.

b) New Homes Bonus (NHB). The Government has undertaken a review of the current NHB system. As anticipated these led to a reduction in the amount of NHB forecast to be received by the Council. The reductions anticipated and factored into the MTFP in February 2016 have been proved right. It should be noted the Government is consulting further on housing approvals given on appeal to determine whether they should be included in the NHB scheme from 2018/19 onwards. The Council uses New Homes Bonus to support both ongoing and one-off expenditure within the General Fund Budget, including the forward funding of the Waterside Enterprise Zone. In previous years, when the level of NHB was higher, significant sums were set aside into earmarked reserves which will support the achievement of the Efficiency Plan. These reserves will be further topped up from 2021/22 through the reimbursement, via business rates uplift, from SEMLEP of monies used to front fund costs of the Waterside Enterprise Zone.

The NHB changes implemented see NHB forecast reduce by around 50%, or £2.3m, between 2016/17 and 2019/20. The represents a significant reduction for 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 outcome of the Governments further consultation around providing NHB for properties approved on appeal will be eagerly awaiting. If it were to be applied retrospectively it could impact on NHB arising from the Collingtree and Hardingstone developments.

c) **Business Rates Retention**. The current assumption is for the level of business rates in 2017/18 to be £7.6m. This consists of the baseline of £6.3m, Section 31 grant due on mandatory reliefs currently funded by Government of £1.1m and a further £0.2m generated by maximising business rates with other councils in Northamptonshire. The actual level of business rates for 2017/18 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 930 appeals outstanding with a total rateable value of £87m and total rates payable under appeal of £241m.

A further risk to be aware of is the business rates unwinding effect of transitional arrangements in place following the revaluation 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 started to consult on their proposals during 2016 and will continue in 2017. 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:

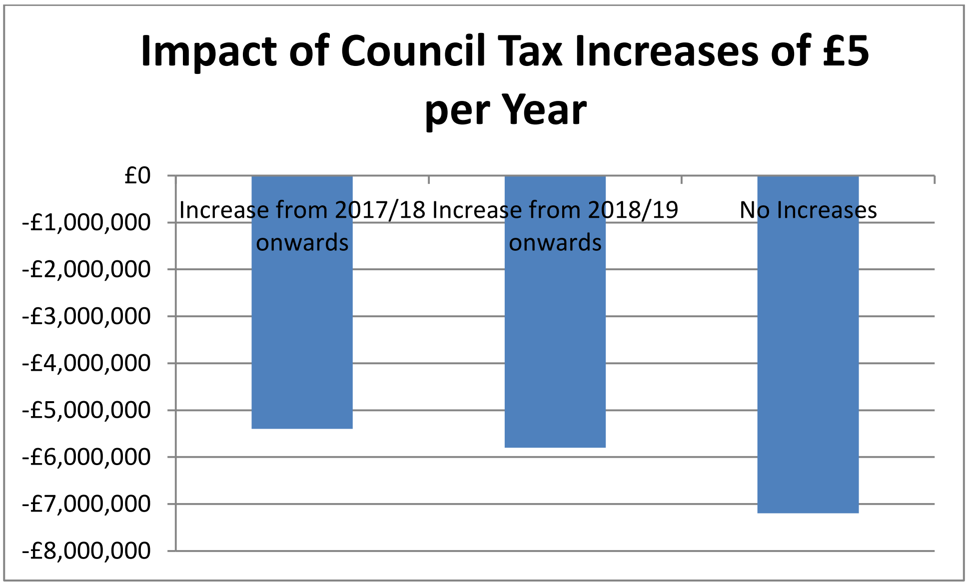
- Delivery of the timing and level of business rate growth. The Council has incorporated no growth into its budget. The Council is developing an innovative approach to forecasting its level of Business Rates over the medium term with the establishment of the Business Rates Forecasting Group consisting 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, its 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 2017/18 and over the medium term is to increase by £5 per year in line with the maximum permitted amount by Government without triggering a referendum.

The Governments position with regards to council tax has changed significantly in recent years. At present 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 housing growth experienced in recent years, as it also factors in an expected increase in council tax support contributions.

A clear strategy on the Council's policy for council tax levels over the MTFP period is an essential part of a councils financial planning. The MTFP includes an assumption that the Council will increase council tax by £5 per annum each year from 2017/18. This reduces the annual funding gap in 2021/22 by £1.8m. The graph below sets out how the current approach on council tax would impact upon the forecast annual deficit in 2021/22. 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 £45k of savings to be achieved in 2017/18 onwards; those currently identified are itemised in the budget report at appendix 5.

There is minimal risk of non-delivery of these due to the modest financial quantum and complexity associated with delivery.

During the forthcoming financial year the Council will need to deliver savings it identifies in its Efficiency Plan. The realisation of these will be mitigated through the use of a budget tracker to monitor progress; outputs from this will be regularly reported through the new governance arrangements in place in the Council.

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. This is a significant cost pressure facing the Council and one that is contributing to a large proportion 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 and has incorporated a target into its Efficiency Plan to this effect. 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 created Northampton Partnership Homes in January 2015 to deliver the Council's landlord function. This is being financed through a management fee paid by the Council to NPH. There are a number of general fund activities provided directly (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 includes regular meetings between the Chief Finance officer and NPH Finance Director.

h) **Employee Costs**. Pay inflation has been assumed to be 1% for 2017/18 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 (from 2020/21) 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. There maybe knock on impacts of options to deliver this proposal on this Council's budget.

This risk is being mitigated through close working and joint meetings, at a member and officer level, with the County Council. The general reserves include this to assist in managing any possible financial risk.

j) **Demand led budgets.** There are some services which historically have had higher levels of financial risk associated with them, including car parking, development/planning income, and homelessness/temporary accommodation.

The position on each of the demand led budgets is reported to Management Board on an enhanced basis in the monthly financial dashboard. This provides senior management with enhanced information about the cost and service demand levels to take informed judgements about maximising demand on income generating activities and reducing/mitigating demand on cost consuming activities.

Currently homesless numbers in Northampton have seen a significant increase during 2016/17 which has led to costs pressures (additional £0.6m) on the temporary accommodation budget for 2017/18. The housing service have instigated a number of programmes to reduce this pressure including establishing a Social Lettings Agency. The financial success of these mitigating actions will need to be closely monitored during the year as part of the Efficiency Plan delivery

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 Vulcan Works and Northampton Museum Extension.

Each of these schemes will have its own unique set of risks. At an overall level the Council’s new governance arrangements provide greater assurance large capital schemes are being delivered effectively. Capital Programme Board, set up in 2014, has led to a more systematic approach to financial governance, capital planning and managing schemes through their lifecycle. At an individual 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.

To further enhance capital governance and reduce the likelihood of schemes entering the capital programme which are poorly costed and unaffordable the programme has been split into two parts. Firstly, the Approved Capital Programme will only include those schemes which have high cost certainty and a clear, fully secured, funding source. Secondly, the Development Pool is for those schemes where a basic assessment of costs has been undertaken and a funding source is clear. To progress a Development Pool scheme into the Approved Programme a fully costed detailed design will be required and a fully assured funding source will be required. It is anticipated this process will be supplemented by a series of project gateway reviews which will be incorporated throughout 2017/18.

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 a further £2m (£4m in total) in 2017/18 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 over the coming years 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, 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 has been working closely with other councils and Capita to understand the impact of the high value voids levy which, if implemented, would see a significant additional annual charge on the HRA, which may lead to the Council having to sell its housing stock to finance the levy. The Council will need to continue monitoring the information about this and other potential changes being announced by Government. The potential impact for any changes will need to be assessed on the HRA 30 year business plan and the overall finances, and then 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.

p) **Debt Repayment**. The current HRA business plan assumes that the level of borrowing will remain at the maximum level permitted by Government to ensure investment in the Council's housing stock. However, with reducing stock numbers expected to continue, and the potential for further stock reductions arising from Government policy change, this approach may not be prudent or sustainable for the HRA in the future. Consideration therefore should be given to making provision for the future repayment of debt on the HRA over the course of the business plan.

3.3.6 Housing Revenue Account - Capital

q) **Large Capital Schemes**. There are a large number of high profile capital schemes to deliver over next two years, including the continued improvement of council housing up to the Northampton Standard and the building of around 100 new homes using the additional borrowing cap monies allocated by Government.

The 100 homes at were originally identified for delivery at Dallington and 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. Due to the speed of progress in delivery of the houses on the Dallington site the Council has decided to build the homes on other sites around the town. In order to continue to use the increased borrowing cap Government must be content the proposed new schemes meet the strict criteria and can be spent by March 2018. If these are not met there is a risk that ability to fund from Borrowing could be reduced or removed by Government.

r) **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. During 2016/17 the Council has been unable to spend all of its receipts within the allotted timeframe which has resulted in small repayments to Government. Whilst the Council now has a clear plan in place and undertaken a review of its arrangements to improve process to make them more effective there is still 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 with 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

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

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

t) 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

u) **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.

v) **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.

w) **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.

x) **Localisation of council tax support (CTS)**. The current assumption is that the shortfall arising from the Government funding for CTS in 2017/18 will be met from council tax discounts/exemptions and a 35% council tax liability for those entitled to CTS. This is an increase from 2016/17 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 35% is to ensure a cost neutral scheme for all taxpayers. Beyond 2017/18 it is assumed any additional costs arising from reduced government funding are mitigated by reductions to the CTS scheme.

3.4 Delivering the Efficiency Plan

3.4.1 As noted above the medium term financial position for the Council's general fund continues to show costs increasing at a faster rate than funding. By 2021/22 there is projected to be a £5.4m 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 all strategic and policy decisions in the future.

3.4.4 In September 2016 Cabinet approved the Efficiency Plan which was submitted to Government in October 2016 to secure the Four Year Funding offer which provides a degree of certainty to our government funding levels until 2020. The core element of the Efficiency Plan has been to establish a clear set of workstreams to close the funding gap over the medium term. These workstreams are being more efficient, delivering economic growth, being more commercial, working in partnership and empowering the community; and are underpinned by a range of projects which are designed to either reduce costs or increase income for the Council.

3.4.5 As noted in Section 3 of the General Fund Budget report there has already been a reduction in the funding gap by £1.2m in 2017/18, rising to £1.9m by 2020/21 as a result of delivering against the Efficiency Plan.

3.4.6 To continue the delivery of the Efficiency Plan and the financial targets incorporated within it will not be an easy task. At a time when there is pressure on costs, reductions in funding, government policy changes planned and the Council has to implement the improvements in the Governance Action Plan it is advised that the Council ensure:

- Governance action plan improvements are implemented.
- 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.
- A business plan approach is taken to Efficiency Plan related decisions.
- Money used to support these programmes must be on an invest to save basis, with clear criteria and expectations of return.
- Progress against the Efficiency Plan is regularly monitored, with variances and any mitigating actions reported.
- Members take future decisions that support the aim of maintaining a financially stable and sustainable Council.

3.4.7 There have been reserves set aside to support the upfront costs of implementing Efficiency Plan workstreams. For more information see paragraph 3.9.5.

3.4.8 It is likely that a number of projects with the Efficiency Plan will require capital investment. In some instances this capital investment could require significant funding using General Fund borrowing sources. The Council will need to ensure any such borrowing, be it on individual schemes or collectively, meets the Prudential Code criteria of being prudent, sustainable and affordable. To achieve this the Council may not be able to undertake all the investment it would like and may need to prioritise resources.

3.5 Revenue Budget 2017/18

The Financial Position

3.5.1 The revenue budget 2017/18 is the first year of the Council's five year Medium Term Financial Plan, and is year two of the Efficiency 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 2017/18 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, Deputy 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 £45k of savings, delivery of which will need to be managed.

3.6 Draft Capital Programme 2017/18 to 2021/22

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.

3.6.2 Over the period of the Medium Term Financial Plan, the General Fund Capital Programme is projected to be financed from £5.1m capital receipts which have not yet been received. 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 £1.4m of funding provided through the, Growing Places Fund and Local Infrastructure Fund, which part of a total investment of £7.5m form 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 3.3.8 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 2017/18, the medium term plan 2017/22 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 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 2017/18

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 2017/18 is £5.5m, this is an increase of £0.2m since 2016/17 to reflect the additional risks being faced by the Council. The risk assessed minimum level of general fund balances are expected to remain at this level in the medium term.

3.9.3 The working balance for the HRA continues at £5m, although it should be recognised this may need to increased in future years depending upon the risk around implementing proposed Government policies, in particular the higher value voids levy.

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

Use of Earmarked Reserves

3.9.4 There is a net contribution to earmarked reserves within the 2017/18 revenue budget of £0.6m.

3.9.5 In September 2016 Cabinet approved a fundamental review of earmarked reserves. The review realigned reserves to ensure they balanced managing the risks facing the Council and provided sufficient investment to support delivering the Efficiency Plan. To deliver the Efficiency Plan an investment fund was established to provide projects with sufficient funding to realise their planned benefits, the use of these reserves is aligned to the production of a business case which is reviewed in accordance with the Council's new governance processes. In addition a cash flow reserve was established to finance any shortfalls in funding whilst the projects and their benefits are being implemented.

3.10 Conclusion

3.10.1 Based on the assumptions made in its Budget 2017/18 and MTFS 2017/22 for income and expenditure the Council can set a balanced financial position for 2017/18.

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 almost £6m by 2021/22.

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 decisions, particularly in relation to its Environmental Service re-provision, over the short term (next year) 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 attention and focus to delivering projects within its Efficiency Plan. A successful Efficiency Plan will lead to a stable and sustainable Council in the future and it is important recognition is taken of the issues raised in section 3.4.

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 2017/18 are robust within the parameters outlines in this report.

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

4.2 Resources and Risk

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

4.3 Legal

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

4.3.2 Section 25(2) of the 2003 Act requires the Council to have regard to this report in approving the budget.

4.4 Equality

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

4.5 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 10 Appendices

NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

27 February 2017

Agenda Status: PUBLIC **Directorate:** Management Board

Report Title	**General Fund Revenue Budget and Capital Programme 2017/18 and Medium Term Financial Plan 2017/18 – 2021/22**

1. Purpose

1.1 To report the outcome of the consultation process on the 2017/18 General Fund budget and the final formula grant settlement for 2017/18.

1.2 To agree the Cabinet's recommendations for the General Fund revenue and capital budgets, the level of Council Tax increase for 2017/18 and indicative levels for 2018/19 to 2021/22.

1.3 To approve the attached Treasury Management 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 2017/18 of £28.015m (excluding parishes) be approved (detailed in Appendices 4 and 5 of attached Cabinet report).

2.3 That the Council increase the Council Tax for its own purposes, i.e. excluding County, Police and Parish Precepts, by £5 per year per band D property for 2017/18.

2.4 That the Council approve the General Fund Capital Programme and proposed financing for 2017/18 as set out in Appendix 6 of attached Cabinet report.

2.5 That Council confirms the aim of maintaining a minimum level of General Fund reserves of £5.5m for 2017/18, 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 9 of the attached Cabinet report be approved, including immediate implementation where appropriate.

2.8 That Council approve the Treasury Management Strategy for 2017/18 at Appendix 10 of the attached Cabinet report: incorporating:

(i) The Capital Financing and Borrowing Strategy for 2017/18 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 2017/18 as required by the Local Government Act 2003.

(ii) The Investment Strategy for 2017/18 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 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 15th 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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Management Board, c/o David Kennedy, Chief Executive, ext 7726,
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Appendices
10

CABINET REPORT

Report Title	General Fund Revenue Budget and Capital Programme 2017/18 and Medium Term Financial Plan 2017/18 – 2021/22

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	15 February 2017
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred
Ward(s)	NA

1. Purpose

1.1 To report the outcome of the consultation process on the 2017/18 General Fund Revenue and Capital Budget and the Formula Funding Settlement for 2017/18.

1.2 To agree Cabinet's proposals for recommendation to Council on 27 February 2017 for the 2017/18 General Fund budgets and Council Tax level and the indicative levels for 2018/19 to 2021/22.

1.3 To outline the General Fund Capital Programme and Funding proposals for 2017/18 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 2017/18 of £28.015m (excluding parishes) be recommended to Council for its own purposes (detailed in paragraph 3.2.23 and **Appendices 4 and 5**).

2.4 That the Council be recommended to increase the Council Tax for its own purposes, i.e. excluding County, Police and Parish Precepts, by £5 per year per band D property for 2017/18.

2.5 That the Cabinet recommend to Council that they approve the General Fund Capital Programme and proposed financing for 2017/18, including the inclusion of schemes in the Development Pool, as set out in **Appendix 6.**

2.6 That Cabinet note the enhanced capital governance arrangements described in paragraph 3.2.31 and 3.2.32

2.7 That Council be recommended to confirm a minimum level of General Fund reserves of £5.5m for 2017/18, having regard to the outcome of the financial risk assessment, and also note the position on earmarked reserves (**Appendix 7**).

2.8 That authority be delegated to the Chief Finance Officer in consultation with the Chief Executive and 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.

2.9 That the draft Fees and Charges set out in **Appendix 9** be approved, including immediate implementation where appropriate.

2.10 That Cabinet recommend to Council that they approve the Treasury Management Strategy for 2017-18 at **Appendix 10** of this report: incorporating:

(i) The Capital Financing and Borrowing Strategy for 2017-18 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 2017-18 as required by the Local Government Act 2003.

(ii) The Investment Strategy for 2017-18 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 authority be delegated to the Chief Finance Officer to make any technical changes necessary to the papers for the Council meeting of 27th February 2017, including changes to the Finance Settlement and change relating to Parish Precepts and Council Tax levels associated with those changes.

3. Issues and Choices

3.1 Report Background

3.1.1 The Council is required to set a balanced budget and it's Council Tax for 2017/18 in February 2017. 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 national and global economic outlook has shifted over the last 12 months, due to the outcome of the referendum on June 23rd leading to the UKs proposed withdrawal from the European Union, and more recently the outcome of the presidential election in the United States. The impact on the Borough Council's budget and medium term financial plan are:

- Reductions in GDP growth forecasts, which are likely to reduce the level of any growth in business rates income.

- Demand for housing currently remains strong and this is of benefit to Northampton's growth strategy.

- Inflation is expected to increase from current rates (CPI 0.9%, RPI 2%) over the next 12 months as the impact of the fall in the value of the pound feeds through into consumer prices. This will potentially lead to inflationary pressures within the Council's budget.

- Interest rates are forecast to stay low over the medium term. The Bank of England base rate was reduced to 0.25% in August 2016 and is not expected to rise in the short term. These reduced interest rate forecasts have a significant negative impact on the Council's income from interest on cash balances. On the positive side, PWLB borrowing rates are also low making longer-term borrowing to fund investments more attractive.

Local Government Finance Settlement

3.2.2 The draft settlement was published on 15th December 2016 and the final settlement is due in mid February 2017. No change from the draft settlement is expected. The table below shows the figures and how they compare to those included in the draft budget for 2017/18.

	Draft Budget – Dec 2016 £k	**Expected Final Settlement – Feb 2017 £k**	**Change £k**
Revenue Support Grant	1,793	1,793	-
Transition Grant	24	24	-
Business Rates Baseline	7,595	7,595	-
New Homes Bonus	4,112	4,229	117
Total	**13,524**	**13,641**	**117**

3.2.3 The methodology for calculating central government funding includes an assumption that Council Tax is increased, up to the referendum limit of £5 per Band D property, as part of an authorities core funding. The budget proposals therefore include a proposed increase in the Band D Council Tax of £5 per year from 2017/18 onwards.

3.2.4 New Homes Bonus for 2017/18 is higher than forecast in the draft budget due to higher growth in property numbers. However, changes to the scheme have a downward pressure on this funding source. The key changes to the scheme are:

- Number of years for which legacy payments under the Bonus are to be paid reduced from 6 years to 5 years and then to 4 years.
- No NHB payable for years in which LA does not have a Local Plan in place.
- Reduction in NHB for homes allowed following an appeal (expected to be implemented from 2018/19).
- Introduction of a baseline growth of 0.4%, only growth above this level would be rewarded. This is higher than the baseline of 0.25% in the consultation, creating a downward pressure of forecasts for future years.
- No change to district/county split.

3.2.5 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. The allocation of Revenue Support Grant is a guaranteed minimum following the Council's acceptance of the government's offer and submission of its Efficiency Plan in October 2016.

Sources of Funding – Medium Term Forecasts

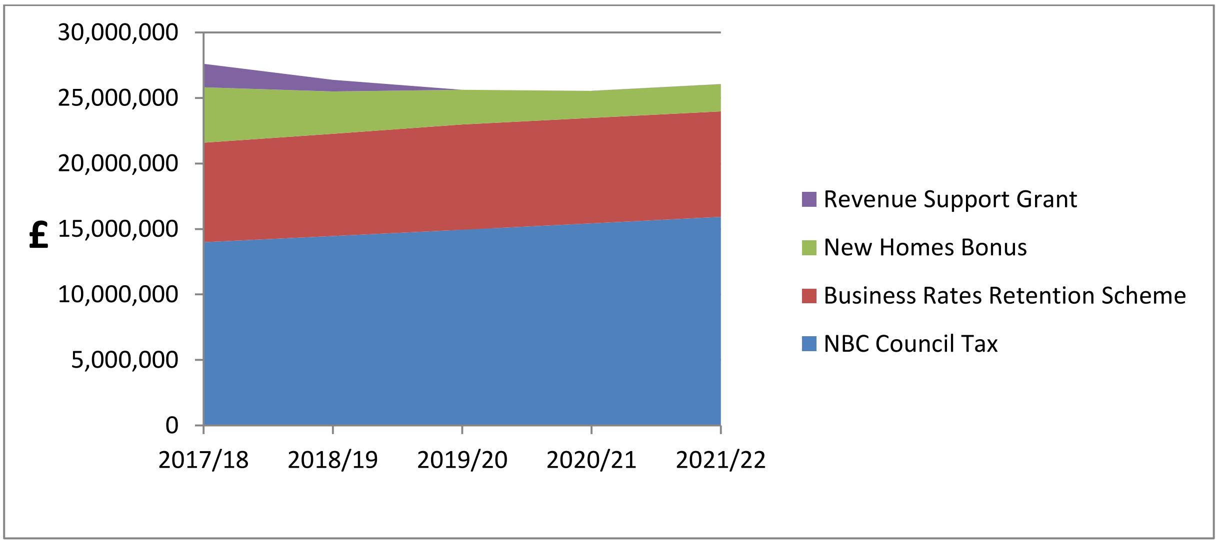
3.2.6 The main sources of funding for the Council's net General Fund revenue budget are Council Tax, Business Rates, New Homes Bonus and Revenue Support Grant.

3.2.7 Council Tax – In addition to the annual increase in Band D Council Tax of £5, the amount of Council Tax income also increases due to increases in number of properties, forecast to grow by 1% per annum from 2018/19 onwards.

3.2.8 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.

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

3.2.10 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

3.2.11 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, growing industrial estates and expanding sports stadium sites. 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.

3.2.12 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. This advance funding is forecast to fully be repaid to NBC between 2020 and 2030, depending on the pace of business rate growth. There are commitments to repay the bridging loan if growth does not materialise at the pace assumed. NBC is working with SEMLEP to mitigate and manage risks and ensure that the taxpayers of Northampton are not adversely affected.

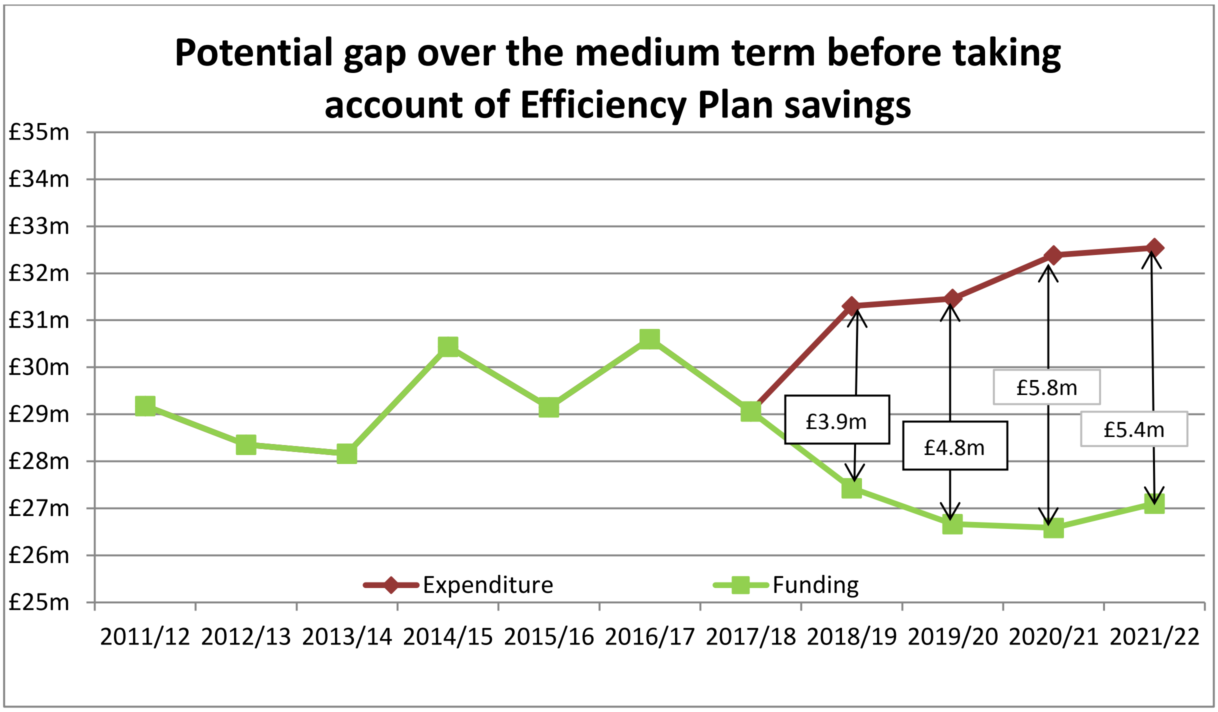
3.2.13 The SEMLEP board in November 2016 approved the principle of a £10m local infrastructure funding facility (LIF). This will enable further upfront investment to bring EZ sites forward for development to generate business and job growth, and an increase in business rates. Any proposals to utilise the LIF facility will be subject to detailed business cases approved by the Council and EZ Board demonstrating that increased future business rates within the EZ funding period will cover the initial investment. It is likely that the Council may need to facilitate this through bridging finance in the form of short/medium term borrowing.

Medium Term Financial Plan

3.2.14 The Medium Term Financial Plan provides a forecast of the Council's expenditure and income over the next five years. The forecasts, detailed in Appendix 4, show the need to make substantial year-on-year savings, rising to £5.8m by 2020/21. The focus of activity is on the delivery of the Efficiency Plan in order to eliminate this medium term gap. The budget for 2017/18 has been balanced through a robust review and challenge of base budgets. These have been right-sized, for example ensuring that the budgets for Planning and car park income reflect actual income over the last few years, and the debt financing budget has been thoroughly reviewed and assumptions updated. This right-sizing has mitigated against demand pressures in the budget, most notably an increase of £570k in General Fund Housing due to the increase in homelessness – average numbers have increased from 60 to 140 per month.

3.2.15 One of the significant reasons for the increasing budget gap is the potential cost increases forecast to result from the retendering of Environmental Services, with the new contract due to come into force in June 2018. This is a significant project for the Council and as part of this there will need to be a balance drawn between quality of service and cost of delivery.

3.2.16 The graph below illustrates the growing gap between forecast expenditure and funding. The forecasts will be kept under constant review.



Efficiency Plan

3.2.17 As part of the Local Government Finance Settlement in February 2016, the Government made an offer to Councils to improve medium term planning by setting minimum levels of Revenue Support Grant over a 4 year period. In order to secure this minimum level of funding Cabinet in September approved an Efficiency Plan and this was submitted to government by 14th October 2016.

3.2.18 The Efficiency Plan is essential to delivery of a balanced budget over the medium term. The scale of the savings that the Council needs to find requires a fundamental review of the way in which services are provided, as well as the range and scope of those services. Work has begun and is progressing across the following themes, as detailed in the Efficiency Plan:

- Economic Growth – to prioritise new ways of delivering investment and sustaining revenue streams

- 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.

- Exploiting Commercial Opportunities – The Council will use its substantial asset base to deliver commercial income, through a combination of redefining an asset's use in order to maximise income and through disposal of underutilised assets. This workstream will also look at options to invest in new assets that generate a good rate of return. There may be a need for significant capital investment which will need to be closely scrutinised to ensure that it is affordable, prudent and sustainable.

- Being more efficient - All services will continue to review their working practices to ensure that they deliver high quality services at the lowest possible net cost.

3.2.19 The actions already taken to meet the Efficiency Plan targets have resulted in efficiency savings of £1.17m in 2017/18 rising to £1.85m by 2020/21 being incorporated into budgets. These savings have been included in budgets as they are achievable given the actions taken and proposed. However, they will need to be continually monitored to ensure that they are realised. The detail of the efficiency savings included in budgets is set out in Appendix 8. For 2017/18 this includes other net technical savings of £1.64m which have been achieved in setting a balanced budget.

3.2.20 The remaining targets in the Efficiency Plan are sufficient to bridge the forecast gap in the MTFP and are monitored closely by Management Board. The Council's proposed new governance arrangements include a specific officer board focussed on the delivery of the Efficiency Plan and associated improvement projects. Meeting the target for 2017/18, which was largely about right-sizing budgets, has enabled a balanced budget to be proposed. The Efficiency Plan will be refreshed and refined on an annual basis to ensure that it remains fit for purpose.

General Fund Revenue Budget 2017/18

3.2.21 The Cabinet met on 14th December 2016 and recommended proposals for consultation. The headlines were:

- A proposed Council Tax increase of £5 per year per band D property, for the Council's own purposes, for 2017/18, and an indicative increase at the same level for planning purposes in future years.

- A General Fund Budget of £28.015m, 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 2016	**Budget 2017/18 (£)**
Service Budget Changes (net)	(326,938)
Growth & Savings Changes	67,855
Technical Changes to Corporate Budgets	(70,165)
Contribution to/(from) Earmarked Reserves	594,538
Total Changes to Net Budget	**265,290**
Changes to Funding	
New Homes Bonus	(117,397)
Collection Fund Surplus	(45,847)
Council Taxbase	(102,046)
Total Changes to Funding	**(265,290)**

3.2.23 The proposed net budget for 2017/18 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 £649k will help to deal with budget pressures arising in the medium term, as well as providing a source of funding for investments leading to further efficiency savings.

Description	**2017/18 £000s**
Service Base Budget	28,517
Savings	(45)
Growth	113
Corporate Budgets	(174)
Contribution to Reserves	649
Net Budget	**29,060**
Revenue Support Grant	(1,793)
Transition Grant	(24)
Business Rates	(7,595)
New Homes Bonus	(4,229)
Council Tax	(15,035)
Collection Fund Surplus	(384)
Total Funding	**(29,060)**
Savings to be identified	**(0)**

Council Tax

3.2.24 As part of the Local Government Finance 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 2017/18. 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 up to a further 3% with the funds generated ring-fenced to social care.

3.2.25 The draft budget for 2017/18 proposed an increase in Council Tax at this referendum trigger level.

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

	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Northampton Borough Council	208.19	207.91	207.91	207.91	212.91
Northamptonshire County Council	1,028.11	1,048.57	1,069.02	1.111.25	TBC
Northamptonshire Police & Crime Commissioner	193.20	197.04	200.96	204.96	TBC
Total	1,429.50	1,453.52	1,477.89	1,524.12	TBC

General Fund Capital Programme 2017/18 to 2021/22

3.2.27 The proposed General Fund Capital Programme and Funding for the next 5 years is detailed in Appendix 6 and summarised in the table below. The proposed programme has been reviewed, challenged and prioritised by the Capital Programme Board. Years 2 to 5 of the programme are indicative only at this stage.

3.2.28 The total value of the proposed programme for 2017/18 is £20.679m. This total includes £17.770m within the Development Pool. These are schemes for which either costs need to be firmed up and/or confirmation of external funding is required. These schemes will be moved from the Development Pool into the approved programme during the year as and when these details are approved by the Capital Programme Board in line with the enhanced governance processes set out in the next section.

3.2.29 The changes to the programme since the draft budget report in December 2016 are as follows:

- Vulcan Works - Reprofiling of budget to recognise the revised scheme approved in principle by Cabinet in July 2016. This includes an additional £5m cost to be funded by the University, either directly or through leasing part of the building. This scheme is in the Development Pool pending finalisation of designs.

- Mounts Bath Improvements – new scheme added to Development Pool pending final plans. This will be largely funded by a grant from Sport England and contribution from the Leisure Trust.

- Central Museum Development – moved to Development Pool pending finalisation of detailed designs and plans.

- 2016/17 forecasts have been updated to reflect the expected variances on Major schemes, as reported to Cabinet on 7th February.

3.2.30 The proposed capital programme can be contained within existing resources over the 5 year planning period. However, subject to the profile of capital receipts, some short term borrowing may be required. This will not have any net impact on revenue budgets. The proposed funding includes that in relation to Development Pool schemes.

Description	**Budget 2017/18**
	£000s
Disabled Facilities Grants	1,475
IT Improvements	150
Town Centre Improvements	367
Block Programmes	800
Other (as detailed in Appendix 6)	117
Development Pool	17,770
Total GF Capital Programme	**20,679**
Funding Source:	
Borrowing (incl. self-funded)	4,395
Growing Places Fund/ Local Infrastructure Fund	1,000
Capital Receipts	6,679
Revenue and Reserves	487
Grants & Developer Contributions	8,118
Total Funding	**20,679**

Capital Governance – Proposed Arrangements

3.2.31 Proposals have been developed to enhance the capital governance processes and reduce the value of under and overspends. Capital appraisals will continue to be required for all proposed capital schemes. These will be considered by Capital Programme Board and, if the Board considers that the scheme requires a full business case to provide more information on costs and funding then it will become part of the Development Pool pending delivery of this information. No expenditure can be incurred until the scheme is agreed and can be moved into the approved programme. In some circumstances Capital Programme Board may approve some expenditure to be incurred on design costs in order to gain greater cost certainty.

3.2.32 The approval of the Development Pool by Cabinet and Council sets a total budget for the scheme. Provided that the final scheme costs are within that approval, and external funding is secured as assumed, then the scheme can be moved into the approved programme by Capital Programme Board. If the final costs are greater than the amount included in the Development Pool then Cabinet or delegated approval would be required in line with the limits in Financial Regulations. Cabinet approval would be by way of a specific report or as part of the finance monitoring report dependant on the complexity of the issues, All budget movements will be reported to Cabinet in the regular finance monitoring report.

Earmarked Reserves and General Fund Balances

3.2.33 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.

3.2.34 In September 2016 Cabinet approved a realignment of earmarked reserves to ensure that maximum funding is focussed on investments that will secure the efficiency savings required in the medium term and to fund any shortfall in cash flow whilst those savings are realised. A summary of the forecast reserves position is set out in Appendix 7.

3.2.35 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 £5.5m 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 in line with the actual level of general reserves held as at March 2016.

Robustness of Estimates and Adequacy of Reserves

3.2.36 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

3.2.37 The schedule of draft Fees and Charges for 2017/18 is attached at Appendix 9. 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

3.2.38 The Treasury Management Strategy 2017-18 at Appendix 10 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.

3.2.39 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.

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

Next Steps

3.2.41 The Council meeting on 27th February will consider the recommendations of this Cabinet in relation to the expenditure and tax proposals that relate to the Council's own spending.

3.2.42 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 27 February 2017 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 2017/18 budget was also considered by the Audit Committee at its meeting on 16th January 2017.

4.3 Legal

4.3.1 The Council must set a balanced budget for the next financial year by midnight on 11 March 2017 (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 2017.

4.5 Consultation

4.5.1 Public consultation commenced with residents, businesses and interested stakeholders from the 15 December 2016 and ended 26 January 2017. The consultation period will formally close on the date the budget is approved in February 2017.

4.5.2 People were asked if they agreed with a small increase in council tax. Views were also sought in relation to the budget options proposed and respondents were also invited to suggest any other ideas that would achieve savings or generate income.

4.5.3 The Council's dedicated budget information web pages received over **100** visits and **65** people completed online questionnaires. More than **2** out of **3** respondents agree with proposals to increase council tax. Full results, including comments on proposals and alternative suggestions are available in Appendix 1.

4.5.4 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 2 February 2017. The views of the Overview and Scrutiny Committees are reported in Appendix 2.

4.5.5 Audit Committee reviewed the budget proposals from a risk perspective on 16 January 2017. 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 2017/18 to 2021/22
5. General Fund MTP Savings & Growth Options
6. Proposed General Fund Capital Programme and Financing 2017/18 to 2021/22
7. Schedule of Earmarked Reserves
8. Efficiency Plan – Savings Achieved
9. Draft Fees and Charges 2017/18
10. Treasury Management Strategy 2017/18

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

Northampton Borough Council

Budget Proposals 2017/18

Consultation Results

Report owner: Glenn Hammons

Chief Finance Officer

31st January 2017

1. Executive summary

1.1. In December 2016 the Council launched a consultation which looked at the budget proposals for 2017/18. Comments were invited over a 6 week period, ending on 26 January 2017.
People were invited to comment on the budget options for savings and growth. This report summarises the results of the consultation on the Council budget proposals.

1.2. Key results
57.58% out of 66 respondents agree with proposals to increase council tax
Almost 37 % out of 66 respondents would be willing to pay more.

2. Introduction

2.1. On 14 December 2016 Cabinet approved for consultation their draft budget proposals for 2017/18, indicative budgets for 2018/19 to 2021/22 for the General Fund Revenue Budgets, the Housing Revenue Account and the Capital Programme as well as a proposed Council Tax increase and Treasury Management Strategy.

2.2. Views covering all these areas were invited from 15 December 2016 until 26 January 2017. 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 26 January 2017.

2.4. The consultation period will formally close on the date the budget is approved in February 2017.

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 2017/18 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 the agreed or disagreed with the proposal to increase 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;
- Open public meeting held at the Guildhall on 12 January 2017;
- Meeting of the Overview and Scrutiny Committee in 20 January 2017;
- Audit Committee Meeting 18 January 2017

The consultation was advertised through the media including press releases to raise awareness. Social media, including Facebook and Twitter, were used during the consultation period. We posted five times on Facebook during the consultation period reaching a total of 1,638 people, 48 of whom went on to engage (click, like, comment or share) with the post. We tweeted 7 times during the consultation period generating a total of 7,891 impressions and 58 engagements.

4. Consultation questions

Q1 Northampton Borough Council is proposing a small increase in council tax, the first increase in the Borough's element of the tax for five years, in its draft budget proposals for 2017/18.We propose to increase council tax for all households by 2.4%. This will be the equivalent for a band D household of £5 per year. By doing this it raises an estimated £329,000 in 2017-18, and this enables the Council to continue to deliver value for money services in the future. What is your opinion about raising council tax? Would you:-

Increase it by more or
Keep it the same or
Reduce it

66 responses – See Section 8 for full responses

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

55 answers recorded – see Section 8 for full responses

Q3 How do you think we can reduce spend, generate income or do things differently so that we ensure we maintain a balanced budget.

49 Comments – see Section 8 for full responses

Q4 Part of the money raised in the increase in council tax will enable us to provide for a capital investment of £100,000 in new play equipment across the borough in 2017/18, along with additional play equipment maintenance of £15,000 per annum. Northampton Borough Council is committed to a programme of enhancements across the Borough which we believe improves the quality of life for our residents. Which of the initiatives below do you think bring the best enhancements to the people of Northampton? You can choose as many as you like - and feel free to add comments at the end if there are any other schemes you would like to see considered by Council.

- Town centre traffic enhancements
- New play equipment in parks
- Improvements for parks, allotments and cemeteries
- Fish Street - public realm development
- Cultural Quarter - public realm development
- Link road scheme between St James and Towcester Road
- Development of the Waterside Enterprise Zone
- Museum expansion
- Superfast broadband

59 responses – See Section 8 for full responses

Consultation demographic information is available at section 9

5. Findings

5.1. 66 completed online surveys were received as at 26 January 2017, compared with 90 in 2016 and 2015. 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, 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 General Fund Revenue Budget Report.

6.4. Findings have also been used to inform priorities for the Council's Corporate Plan 2017-21.

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.

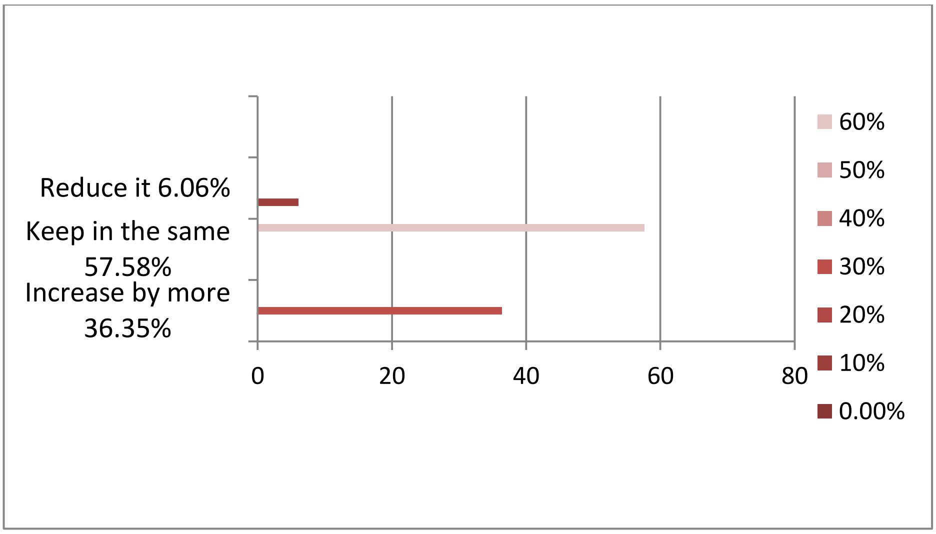
7.4. An Equality Impact Assessment for this budget consultation process is available at Section 10.

8. Draft Budget 2016/17 Consultation Results - Survey Monkey

Q1 Northampton Borough Council is proposing a small increase in council tax, the first increase in the Borough's element of the tax for five years, in its draft budget proposals for 2017/18.We propose to increase council tax for all households by 2.4%. This will be the equivalent for a band D household of £5 per year. By doing this it raises an estimated £329,000 in 2017-18, and this enables the Council to continue to deliver value for money services in the future. What is your opinion about raising council tax? Would you:-

Increase it by more or
Keep it the same or
Reduce it **Answered: 66 Skipped 0**

Percentage breakdown



Q2. Where do you feel the Borough Council should be spending additional funds? Answered: 55 Skipped:11

- Spend more on street cleaning in deprived and densely populated areas and litter picking in neighborhood parks. This means avoiding the easy and annual apparent option you take of allocating all your resources to the town centre and Abington Park.
- Supporting local voluntary sector groups
- Community projects, adult social care, playgrounds
- Additional funds should be used to lower council tax.
- Housing
- Support of the disabled
- Investment in the arts
- Social care of elderly and vulnerable adults
- This increase must not be lost in the system and be spent on improving our poor town centre. We need to get shop owners want to come to our Town. Compared with other Centre's we appear very poor.
- Care Homes Safeguarding of Children in the Voluntary Sector
- On parks and open spaces
- Supporting the voluntary sector so that the money spent gets the best return
- Voluntary sector services, including support services across the board. Housing to reduce temporary emergency housing.
- Roads
- Core services such as waste collection and environmental service improvements
- Decrease homelessness by creating a social housing company that appeals to landlords
- Child and Adult Social Care Parks and play equipment parking enforcement Litter tidying
- Street lights, pot holes
- Parks & environment
- Environmental management - such as clean air & recycling initiatives. Improved benefit services (they are confusing) & access to advice. Christmas lights - they are poor in comparison to other areas - they do not promote Northampton well as a festive place to shop.
- Care for the elderly and adults with disability
- There are not enough dementia services
- Care for Elderly - especially to allow them out of hospital earlier.
- The environment especially Northampton East, where street cleaning is minimal & tree care almost nonexistent
- Adult Services and social care
- Services for children and the elderly Street Cleaning and maintenance of public places
- Environmental, street and council estate cleaning
- At least maintain or increase spending on environmental side, dealing with litter and appearance of the town.
- Health and social care as well as mental health services.

- I think you should publish your books down to the last penny it will end any public confusion and have your offices held in higher respect, I trust you have nothing to hide
- Road repair and street cleaning
- Stamp down on fly tipping.
- Police, bus, roads, schools, housing
- More police on the streets and more traffic cars on the roads!
- Pathways to elevate the amount of elderly that fall and need hospital care which would in turn free up hospital bed blocking
- Encouraging decent shops and businesses to the town to generate future income and visitors. By decent, I don't mean pound shops, charity shops or Primark!
- Housing
- On the basics so we can keep them
- Housing and social care
- Collecting litter, tidying the streets and improving public path ways.
- Cleaning the streets up collection of litter providing more litter bins
- Adult social care, children's services
- Police, ambulance, fire
- NBC MUST knock down the Concrete casting at Sixfields Stadium it’s not been paid for, won’t ever be paid for, or completed its an embarrassment for the town and shows how not to lend vast sums of cash to bankrupt firms, spending a few grand smashing that would be great for local morale, if NFC want additional seating they can fund it themselves with fans not towns money
- To set up a 'Halfway House' to accept people fit to be discharged from hospital but are awaiting a social settlement.
- I don't like question one - I would agree that £5 is fair Council need to ensure that all subcontractors meet KPI's. Additional spending on fixing potholes would be welcome
- Elderly totally ignored as always. Services that were once available are now not. Should be more parking easily accessible to shops and Derngate. All the building over town centre car parks has restricted access for those who whose walking ability is restricted.
- Care in the Community. Encouraging local people to look out for and after their neighbours
- Road repairs, street lighting, youth clubs to stop them hanging around local shops.
- Set up a power supply company at negotiate a preferential rate for citizens of Northampton that is cheaper than currently available to us from the big 5 like Nottingham Power has done.
- Care of children and old people should take priority, pot holes, parks and failing schools would make a big difference too.
- Recovering the £10.25m you blew on dodgy loans.
- Roads’, cleaning up town centre as it is disgusting, sorting the buses out and the ridiculous state of The Drapery now. Cleaner parks, more dog wardens.
- Parks! There is a roundabout in Abington Park that has been broken for months. Very sad for the kids.

Q3. How do you think we can reduce spend, generate income or do things differently so that we maintain a balanced budget. Answered: 49 Skipped: 17

- Merge your environmental health department with the county council's Trading Standards service.
- Improve customer service by doing things at the right time, first time
- Cut management posts, reduce higher band salaries. Cut duplication of services, take services back in house such as grounds maintenance
- Er...get the £10M back
- Reduce the number of directors to fit the current structure it is ridiculous to have so many for such a slimmed down organisation. Reduce spending on non-essential and non-statutory services. Let the private sector do more, it is not a local authority's job to support private companies.
- Find a more effective waste management/grounds maintenance contractor
- Cut down the volume of roadworks in the town centre which is currently discouraging people into town. This will encourage more small businesses in, therefore increasing council's income through business rates.
- Value what the voluntary sector do already, there are many unsung groups of people who get no recognition at all for working tirelessly to keep the councils head above water.
- If we have a thriving Town Centre then more income would be generated. I think we need to look at other towns and see how they do things. Reduction in spend is always difficult to answer when I do not have budget information
- Reducing spend means less services. The Council has already cut back too many vital services
- Do not hire consultants at NBC. Attract people to come to Northampton by helping independent retailers and getting big branded companies in. The proposed plans for the town centre are boring and not good enough. Make the Greyfriars site into s large square with a central focus and with independent shops around the edges.
- By looking for best value
- Invest in opportunities that arise to save money in the longer term.
- Get more people in schools respecting society and therefore more people will volunteer, less crime and less vandalism.
- Create more apprenticeships/internships and volunteering opportunities across the entire council
- Wider use of parking permits parking enforcement greater use of racecourse to encourage public attendance
- Don't' waste money on unnecessary work
- A considered approach to actual expenditure in all areas of running the council facility/operation further internal savings are likely to be made with stringent assessment
- Improve access to Northampton's attractions - e.g. add some grass guard permeable paving along Park Avenue South & Abington Park Crescent for safer parking and improved access to the park - this may help encourage visitors to the museum at Abington Park. Improving the Christmas decorations around the town may help entice more shoppers into the area. Thus increasing income. The current decorations seem tired & sparse. Reduction of rent/business rates in the town centre. Many empty shops, incentives to open in the town are needed. Northampton is facing increasing competition from other nearby towns for retail.

Keep current parking charges & free at weekends. Improve online services on borough council website - website can be confusing & difficult to find information at times. Improve clarity of financial demands sent out (e.g. council tax bills, benefit awards) - vulnerable adults can find these confusing & distressing, in turn putting further pressure on council services in sorting & explaining these documents, or chasing unpaid bills etc.

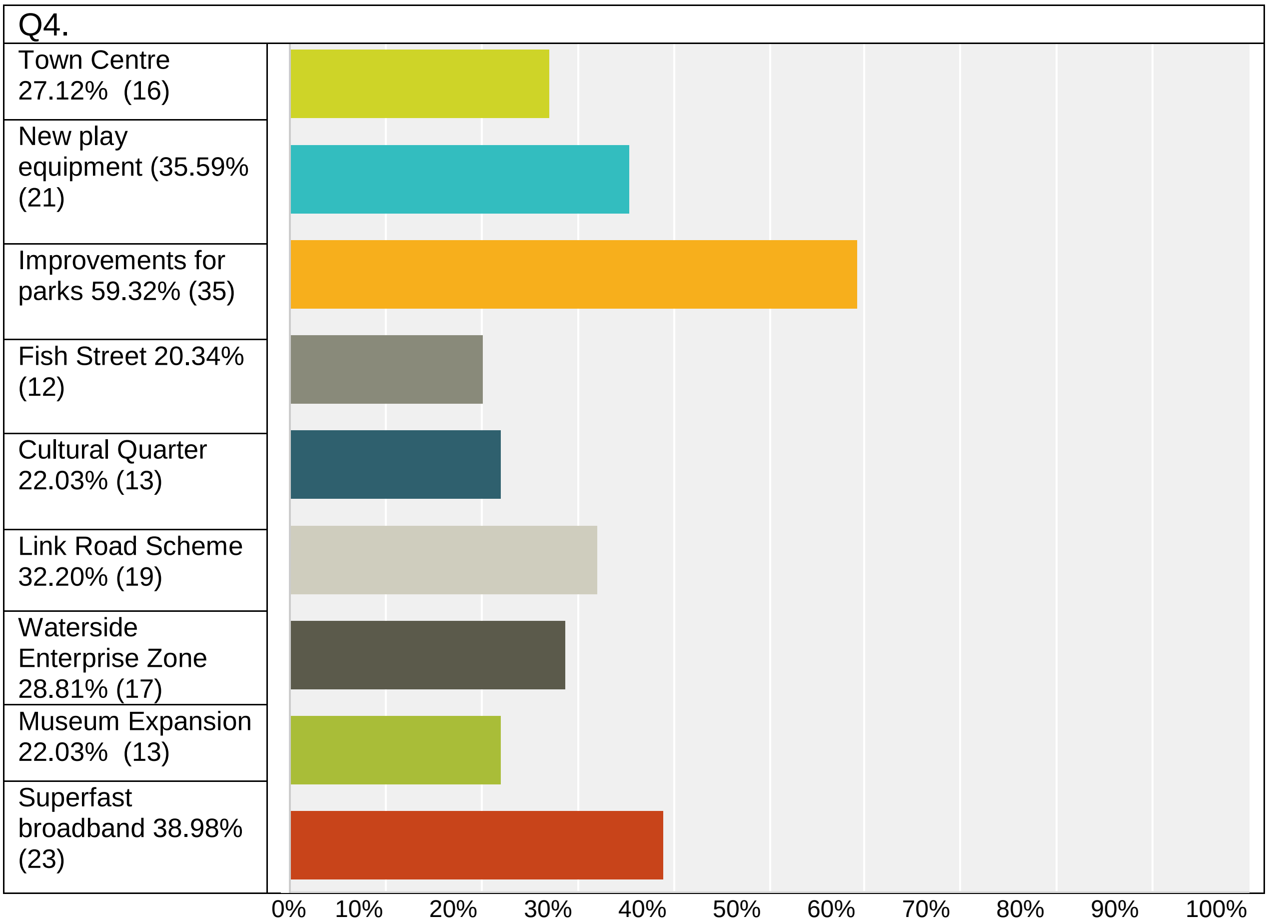
- Outsource services e.g. waste collections
- Make senior officers more accountable for decisions, greater clarity and named leads
- Sell unused land/buildings and speed-up Planning Application approvals - e.g. Old Gas HQ at St Peter's roundabout that has been unused since as long as I can recall - 25 years?
- Fine people heavily for any fly tipping, noise nuisance & other anti-social behavior
- Integrate services where feasible
- Employ intelligent, conscientious staff with the relevant skills
- Stop making financially naive decisions i.e. lending tax payer's cash to football teams...
- Keep pressure on staff management costs
- Get more money from government do NOT accept their cuts when they spend £42.3 BILLION on guns!!!
- Outsource the Neighbourhood warden to a similar company to the one that is enforcing the litter in Town Centre.
- Take a pay cut
- Stop giving away money to unscrupulous businesses!
- Insource procurement, and have more centralised buying across the country. You will never get best value for money when someone else is buying on your behalf.
- Get more premium retailers into the town centre to attract consumers with money to spend (at the moment you lose people to MK, London, Cambridge, Leicester as they have to travel to find decent shops). This would also give you better business rates.
- NBC should agree to a review to see if a single authority for the county would provide better value for money.
- Stop having hare brained schemes like opening Abington St and doing up Giles St! Massive debt incurred! Look at the unused housing and use it. Look at empty shops and put them on a peppercorn rent for artists or students to showcase new talent.
- Attend to necessities before niceties
- Incentivise council teams to use 6S methods to find improvements - by allowing them to spend any savings as they see best.
- Get more of the companies operating in the borough to sponsor litter collection . Mc Donald’s litter bins as an example.
- Stop paying managers huge amount of bonuses.
- Tighten up the contract with Amey, make sure they are working the contract to the benefit of the people not their shareholders. Where bus shelters are known vandalism targets removed them. Promote communities to look after their open spaces, and assist them where required, where redundant green spaces are behind estate homes, replace with hard standing for residents cars etc.
- Don't spend the money outlined in Part 4 (Play equipment) as in these tight times it really is not necessary!

- Better use of facilities
- Actually work like a business. If a company like Enterprise does not meet KPI's then hold them to account. Better management of public funds overall.
- Provide more services directly, instead of just hiving off to 3rd party providers who make a profit. Vital services should never be contracted out to those whose motivation is profit. Just makes it more expensive to tax paye, Would be good to have a convenient bus service back too. From 20 minute service we now have an hour. People in their mid-70s cannot stand for an hour in the Drapery in the hope they may get a bus
- Look at how much money is being taken every month into the pension pot! We all need a pension but the next generation of employees need to be on a less generous contribution from the tax payers
- Don't spend money on non-necessities like silly statues around town. Increase the yearly street fair time to an extra couple of days and charge the fairground people a bit more. Fine people for stupid parking and fine people that park in parent & baby spaces that do not have babies! Increase the amount of parent & baby spaces in car parks and maybe ask people to apply for parent & baby passes (maybe for a fee of £10 a year max) on proof of their children like you do with disabled people. I would happily pay for this if it stops idiots parking in these spaces; I can drive round for hours and hours trying to find a suitable spot to get my 3 month old out in his car seat.
- Scrapping printing everything in 10 different languages and paying for interpreters (those who need them should pay for their own except for in emergencies) a lot of money could be saved by doing this. Also charging for English lessons etc for non-English speakers whether adults or children in school. My grandchildren's school is failing because of the amount of time teachers have to spend with non-English speaking children at the expense of English children.
- Take a pay cut.
- More fines for ASB, noise pollution, littering. Pay the senior management less money. Make the One Stop Shop appointments-only or get rid of it - other councils manage without one! Sort out the website so we can do more without having to phone. Can't find anything on there.

Q4. Part of the money raised in the increase in council tax will enable us to provide for a capital investment of £100,000 in new play equipment across the borough in 2017/18, along with additional play equipment maintenance of £15,000 per annum. Northampton Borough Council is committed to a programme of enhancements across the Borough which we believe improves the quality of life for our residents. Which of the initiatives below do you think bring the best enhancements to the people of Northampton? You can choose as many as you like - and feel free to add comments at the end if there are any other schemes you would like to see considered by Council.

- **Town centre traffic enhancements**
- **New play equipment in parks**
- **Improvements for parks, allotments and cemeteries**
- **Fish Street - public realm development**
- **Cultural Quarter - public realm development**
- **Link road scheme between St James and Towcester Road**

- **Development of the Waterside Enterprise Zone**
- **Museum expansion**
- **Superfast broadband**



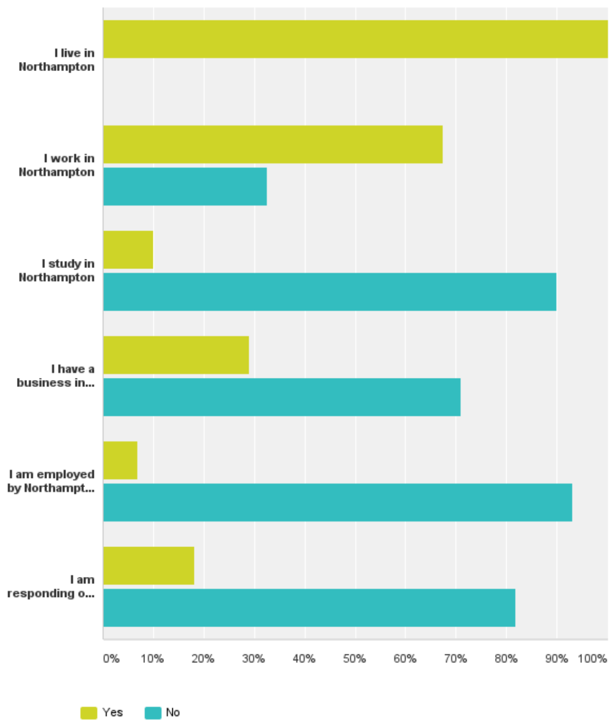
9. Demographics of respondents

Q5. Contact Details Answered: 47 Skipped:19

Answer Choices	Responses	
Name	97.87%	46
Organisation if applicable	34.04%	16
Address	91.49%	43
Telephone number	68.09%	32
Email address	91.49%	43

Q6. About you Answered 58: Skipped 8:

	Yes	No	Total
I live in Northampton	100.00% 55	0.00% 0	55
I work in Northampton	67.44% 29	32.56% 14	43
I study in Northampton	10.00% 3	90.00%	30
I have a business in Northampton	28.95% 11	71.05% 27	38
I am employed by Northampton Borough Council	6.90% 2	93.10% 27	29
I'm responding on behalf of an organisation or group	18.18% 6	81.82% 27	33



Q7. Are you: Answered 55: Skipped 11

Answer Choices	Responses	
Male	54.55%	30
Female	45.45%	25

Q8. How old are you Answered: 54 Skipped:12

Answer Choices	Responses	
Under 16	0.00%	0
16-24	1.85%	1
25-34	12.96%	7
35-44	16.67%	9
45-54	20.37%	11
55-64	24.07%	13
65-74	22.22%	12
75 or above	1.85%	1

Q9. How would you describe yourself? Answered: 57 Skipped: 9

Answer Choices	Responses	
White	87.72%	50
Mixed/multiple ethnic groups	3.51%	2
Asian/Asian British	3.51%	2
Black/African/Caribbean/Black British	0.00%	0
Other ethnic group	1.75%	1
Prefer not to say	3.51%	2

10. Equality and Community Impact Assessment

This is available on the NBC website here

What are we looking to achieve from the budget consultation process?

- The budget consultation exercise will seek views from the public, local businesses and other stakeholders on the Council's draft budget
- The Council is committed to its public sector equality duty and wishes to ensure that it has due regard to its equality duties in its decision making process

How will the decision be made?

- The Full Council in February 2017 will make the final decisions on the Council's budget for 2017/18 based on recommendations from Cabinet
- Cabinet will take into account feedback from this consultation exercise when making these recommendations. This is a legal requirement
- The Cabinet will consider the results and outcomes of the consultation and of all relevant impact assessments to help it make an informed recommendations regarding the Council's budget and priorities

What information exists already to assist with making the judgments above?

- Service managers undertake impact assessments for individual budget proposals/options
- Each budget option is reviewed as the budget consultation evolves using the consultation feedback received

Has any consultation been undertaken on this or any other related issue?

- The budget consultation is the key process to inform the budget decision making process
- Service managers undertake specialist consultation in developing the budget proposal/options presented during the consultation process

Are any reports or relevant documents available internally or from partners or other sources?

- The draft budget reports are published on the Council's website, along with any background papers as appropriate

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

Everybody living, working, studying, visiting or otherwise engaged with the town of Northampton or its people may be potentially affected by the Council's budget plans.

- This includes businesses, employees of the Council as well as, partners and contractors
- Some efficiency savings may impact on staff and this could lead to redundancies and changes in service provision
- The level of service received by the public will be protected wherever possible
- Where there are changes, consultation will be undertaken in accordance with council policy and all those affected will be consulted with and able to have a say in the 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 economic climate has a significant impact on our communities as a whole and also on the Council's budget and therefore may impact on different groups in the community, but is not intended to discriminate against different groups in the community

- The Council has limited resources; to mitigate this, service provision is constantly being reviewed. This will inevitably mean changes in the services provided and how they are provided, who they are delivered to and who receives the services
- It is critical when making decisions that may affect people that their views are sought and considered so that we can understand the impact of decisions, what matters to them, what they consider as priorities, what areas are in need of improvement and how the choices made may impact on their lives

Impact

- The budget proposals that may lead to efficiency savings and/or potential changes in service provision have been screened for impact against the protected characteristics groups
- Where proposals involve staff changes and rationalisation, appropriate consultation in line with council policy will be followed and outcomes monitored for any disproportionate and adverse impacts on individual groups
- Any savings with impact on services will have the issues and risks raised through their individual assessments and evaluations taken into account in the implementation and monitoring of the options
- Issues and concerns identified during this consultation will be used to develop mitigation where possible and will be used to inform priorities for the Council

Appendix 2

Extract of the minutes of the Overview and Scrutiny Committee – 2 February 2017

Item 5 – Report of the Overview and Reporting Monitoring Working Group - General Fund MTFP 2017/2018 – 2021/2022, DRAFT Council wide draft budget 2017-2018, Housing Revenue Account (HRA), Rent Setting 2017/2018 and Budget Projections 2017/2018 to 2021/22

Mr Norman Adams, individual, addressed the Overview and Scrutiny Committee. He commented that since April 2012 there had been a loss of 470 Council properties, equating to 974 bedrooms. In his opinion, one bedroom properties does not replace what has been lost. Mr Adams went on to query how many Council properties are currently being used as temporary accommodation. Mr Adams closed his address by commenting that Council housing stock should only be used as permanent housing.

Mr Adams was thanked for his address.

Glenn Hammons, Chief Finance Officer, presented the report of the Reporting and Monitoring Working Group to the Overview and Scrutiny Committee. He highlighted that the Working Group had agreed that two issues would be subject to budget Scrutiny:

- How NPH are delivering within the total fee for Housing Services that NBC provides to them, details around how they are delivering the efficiency savings required with a reducing financial envelope. Outlining the proposed new housing stock development proposals with specific reference to garage sites plans. HRA Budget Risk

- Budget pressures on temporary and bed and breakfast accommodation caused by rising instances of Homelessness and the plans in place to mitigate this

Temporary Accommodation

Councillor Stephen Hibbert, Cabinet Member for Housing and Wellbeing, and Phil Harris, Head of Housing and Wellbeing, provided information regarding the budget pressures on temporary and bed and breakfast accommodation. A spreadsheet was circulated, showing the sharp rise in the number of homelessness applications, homelessness acceptances and homeless households in temporary accommodation between November 2015 and October 2016. It was explained that homelessness is increasing across the country. At the end of October 2016 there had been 140 people in temporary accommodation (a mix of Council stock, self-contained accommodation and Bed and Breakfast) but this has since increased to 169. Although it was acknowledged that the housing stock should not be overused as temporary accommodation, it was noted that the number of people in bed and breakfast accommodation has increased and more hotels are now being used.

Homelessness applications have doubled in the past six months, but Officers have been working very hard to continue making good quality decisions as quickly as possible to prevent a serious backlog of decisions.

The loss of private rented accommodation remains the main cause of homelessness and has increased sharply over the past year. It now accounts for approximately 60% of homelessness acceptances. Other reasons include relationship breakdown and family exclusions.

The Overview and Scrutiny Committee was advised that, in order to prevent them from becoming homeless, people are seen as soon as possible. Of the 774 households that were prevented from becoming homeless between November 2015 and October 2016, 101 were helped to secure suitable accommodation in the private rented sector.

The Committee asked questions, made comment and heard:

- In answer to a query regarding the prevention of homelessness, Phil Harris advised that Officers will liaise with landlords (to persuade them to renew a tenancy or offer their tenants alternative accommodation), speak with families or help people to apply for rehousing through the Housing Register before they become homeless.
- In response to a question about the possibility of finding more accommodation like County Chambers, Phil Harris advised that in January 2017, Cabinet had given its approval to establish a Social Lettings Agency and that, as part of this initiative, the Council is planning to lease 40 properties for use as self-contained temporary accommodation.

Councillor Hibbert and Phil Harris were thanked for their informative address.

HRA

Councillor Brandon Eldred, Cabinet Member for Finance, and Phil Morrison, Strategic Finance Manager, LGSS, gave the Committee a short presentation on the Housing Revenue Account (HRA). The presentation detailed:

- Summary of the HRA
- Assumptions
- Risk – including Higher Value Void Levy

Phil Morrison highlighted:

- Currently there was a balanced 2017/18 budget with a working balance of £5 million, which had been risk assessed
- A proposed capital investment of £35 million

- The Authority for 2017/18 will be the second year of the four year 1% rent reduction as laid down in the Welfare Reform and Works Act 2016.
- Currently Voids and bad debts are relatively stable
- The Asset Management Plan had been and will continue to be reviewed
- The detail of the Higher Value Voids Levy had been delayed and would now not be implemented before 2018/2019. A Housing White Paper is pending. One estimate indicates that it could cost the Authority in the region of £10 million a year.
- Finance will work on a number of issues in 2017/2018, reworking the HRA 30 Year Business Plan to try and ensure a sustainable HRA in the future

The Committee asked questions made comment and heard:

- Concerns were raised regarding the loss of Council stock. The Committee was referred to the Development Plan.

Mike Kay, Chief Executive, Northampton Partnership Homes, addressed the Committee. Mike Kay advised that from January 2015 when NPH had been contracted to deliver the service, the financial plan had always detailed that NPH would provide efficiencies.

Subsequently, the Government had decided that all rents would be reduced by 1% annually for four years. This would be at a cost of £20 million over the four year period. Pension pressures had also impacted upon NPH, with a forecasted £300,000 to £600,000 deficit in the Pension Fund.

Strategic alternatives to the voluntary right to buy scheme had been investigated for discussion with the Council; however, NPH is reliant upon the detail in the awaited White Paper. Pay to Stay is now a voluntary initiative.

NPH engaged consultants to carry out “sustainability modelling” on the Council stock regarding how economic it is to maintain each property; this data will inform the 30 year Business Plan. Most of the contracts that NPH inherited have, or are due to expire and NPH has developed a number of new value for money contracts which will deliver efficiency savings.

Mike Kay went on to speak about NPH’s Board which is the accountable body and its Finance Committee that regularly reviews NPH’s targets; noting that the Board has a Statutory responsibility. Mike Kay referred the Committee to reductions in costs. In year one this had been £1.3 million, in year two £2.95 million, plus the Pension deficit. Year one had been achieved and year two was currently being reviewed. It was highlighted that Years 3 and 4 would be more challenging. The Committee heard that NPH had implemented new infrastructure systems such as total mobile working, whereas staff who are required to be on site go straight to site rather than coming into the office first. The system is more efficient. A new Sustainable Strategy will be delivered. NPH is working with the Board regarding new delivery models, tough decisions will be taken.

The Committee heard that PV systems had been delivered to 1,200 Council properties; giving tenants a significant saving on their electricity bills.

Regarding the loss of 90-100 properties per year through right to buy, NPH was looking at a new Council house building programme on how these units could be replaced Mike Kay highlighted the support and advice received from Finance Offices, LGSS, and thanked them for this.

The proposal to build new Council homes is a 10-year strategy which was submitted to the Council in September 2015 and is currently awaiting the council to undertake its due diligence process with a view to approving the strategy. A number of properties have been boarded up for a number of years which have been a priority to redevelopment of new homes and which have contributed to 99 properties either having been purchased, constructed or pending development, they are a mix of one bed, two bed, three bed and four bedded properties. There is a waiting list of people wanting to downgrade to one bedded properties, as well as a demand for larger family homes. NPH will look to match supply to demand area by area.

A Garage Strategy has been developed and this is currently with the Council awaiting approval. There are in excess of 3,300 garages of which over 50% are currently empty. Some were built 40-50 years ago and are not big enough to house a modern car.

The Committee made comment, asked questions and heard:

- Comment was made regarding anti-social behaviour that takes place on garage sites. Garages are often isolated from the properties; people like their cars to be parked outside their houses. It was queried whether front lawns could be turned into driveways for tenants. Support was voiced for the Garage Strategy.
- The Committee heard that the number of new properties that could be developed needs to stand up to challenge and be credible. A larger number could be developed subject to land availability and finance. Mike Kay added that people do not now want 1960's garage site and these provide an ideal opportunity to build housing. There needs to be a balance and issues such as where parking is put needs to be looked it. It is not proposed that all garage sites will be developed on; an option could be the building of housing, flats with a garage over or to replace current garages with larger garages or the provision of parking. A lot of tenants currently complain about the lack of parking spaces.
- Issues such as window cleaning were referred to.

The Committee congratulated NPH on the work that it had done.

The Cabinet Members and officers were thanked for attending the meeting and providing comprehensive details to the Committee enabling it to undertake budget Scrutiny on the two issues referred from the Reporting and Monitoring Working Group.

Appendix 3

Extract from Audit Committee Minutes 16 January 2017

11. RISK REVIEW OF 2017/18 BUDGET REPORT

The Chief Finance Officer presented a report which outlined the risk assessment of the budget proposals for 2017/18. He explained that a balanced budget had been achieved through the Councils prudent financial management and continued commitment to delivering efficiency savings. It was noted that the key financial challenge that the Council faced was the forecast budget gap, which showed a requirement to make a saving of £4.8 million in 2018/19 and £7.0 million in 2020/21.

In response to questions asked, the Chief Finance Officer explained that whilst some modelling could be looked at, it would be hard to predict any changes the government might make, especially with regards to New Homes Bonus. He further noted that the with regards to the Council's efficiency plan, there were a number of approaches being explored and active projects that had the potential to deliver extra funds to the Council.

RESOLVED:

1. That issues in relation to risk within the budget proposals for 2017/18 be noted.

General Fund Budget Summary 2017 - 2022

NORTHAMPTON BOROUGH COUNCIL

Description	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
	£	£	£	£	£
Service Base Budget	28,516,754	28,098,994	28,148,654	28,429,737	28,545,129
Medium Term Planning Options					
Savings and Efficiencies					
- Borough Secretary	(30,343)	(30,559)	(30,779)	(30,999)	(31,222)
- Customers and Communities	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Total Savings	(45,343)	(45,559)	(45,779)	(45,999)	(46,222)
Growth					
- Borough Secretary	98,198	98,901	99,613	100,332	101,058
- Customers and Communities	15,000	15,000	15,000	15,000	15,000
Total Growth	113,198	113,901	114,613	115,332	116,058
Total MTP Options	67,855	68,342	68,834	69,333	69,837
Gross Revenue Budget	28,584,608	28,167,337	28,217,488	28,499,070	28,614,966
Corporate Budgets					
Debt Financing - Final Budget	1,546,682	1,755,199	1,818,764	1,979,910	2,022,854
Recharges from General Fund to HRA	(2,744,907)	(2,644,907)	(2,524,907)	(2,524,907)	(2,524,907)
Parish Grants	(20,355)	(20,355)	(20,355)	(20,355)	(20,355)
Parish Precepts	1,044,721	1,044,721	1,044,721	1,044,721	1,044,721
Contribution to/(from) Earmarked Reserves	649,237	2,998,000	2,922,000	3,407,000	3,407,000
Total Corporate Budgets	475,378	3,132,658	3,240,223	3,886,369	3,929,313
Net Budget	29,059,987	31,299,994	31,457,712	32,385,439	32,544,279
Funding					
Revenue Support Grant	(1,792,976)	(886,014)	0	0	0
Transition Grant	(23,672)	0	0	0	0
Business Rates Retention Scheme	(7,595,224)	(7,803,698)	(8,034,281)	(8,050,071)	(8,050,071)
New Homes Bonus	(4,229,589)	(3,231,237)	(2,646,436)	(2,061,885)	(2,079,861)
Total Government Funding	(13,641,461)	(11,920,949)	(10,680,717)	(10,111,956)	(10,129,932)
Council Tax					
Band D Council Tax	212.91	217.91	222.91	227.91	232.91
Tax Base	65,709	66,366	67,030	67,700	68,377
NBC Council Tax	(13,990,165)	(14,461,898)	(14,941,668)	(15,429,586)	(15,925,769)
Parish-related Council Tax	(1,044,721)	(1,044,721)	(1,044,721)	(1,044,721)	(1,044,721)
Total Council Tax	(15,034,886)	(15,506,619)	(15,986,389)	(16,474,307)	(16,970,490)
Surplus on Collection Fund	(383,640)	0	0	0	0
Total Funding	(29,059,987)	(27,427,568)	(26,667,105)	(26,586,263)	(27,100,421)
Funding Gap	(0)	3,872,426	4,790,607	5,799,176	5,443,858

NORTHAMPTON BOROUGH COUNCIL

General Fund MTP Savings Options

	MTP Option Description	2017/2018 £	2018/2019 £	2019/2020 £	2020/2021 £	2021/22 £
Borough Secretary						
	Support Staff	(20,969)	(21,185)	(21,405)	(21,625)	(21,848)
	Reduction in Size of Cabinet	(9,374)	(9,374)	(9,374)	(9,374)	(9,374)
Customers & Communities						
	Contribution to Waste Partnership	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Total Savings		**(45,343)**	**(45,559)**	**(45,779)**	**(45,999)**	**(46,222)**

General Fund MTP Growth Options

	MTP Option Description	2017/2018 £	2018/2019 £	2019/2020 £	2020/2021 £	2021/22 £
Borough Secretary						
	Governance	66,090	66,463	66,838	67,220	67,606
	Elections	32,108	32,439	32,775	33,112	33,453
Customers & Communities						
	Maintenance of Play equipment	15,000	15,000	15,000	15,000	15,000
Total Growth		**113,198**	**113,901**	**114,613**	**115,332**	**116,058**

Appendix 6

General Fund Capital Programme 2017-18 to 2021-22

Project Title	Funding Source	2016-17 Latest £	2017-18 Budget £	*Indicative* 2018-19 £	*Indicative* 2019-20 £	*Indicative* 2020-21 £	*Indicative* 2021-22 £	Total £
Housing - General Fund								
Disabled Facilities Grant	G, C	1,393,000	1,475,000	*1,475,000*	*1,475,000*	*1,475,000*	*1,475,000*	8,768,000
Self-funded								
IT Infrastructure	S-F	462,225	150,000	*150,000*	*150,000*	*150,000*	*150,000*	1,212,225
CCTV Technology Upgrade	S-F	200,000						200,000
Town Centre Improvements								
St Giles Street	G, C	1,918,499						1,918,499
Town Centre Traffic Enhancements - Design Stage	R	50,000						50,000
Superfast Broadband	C	45,000	367,000					412,000
Heritage & Culture								
Delapre Abbey Restoration	G, R, C	4,020,303						4,020,303
Delapre Abbey Parklands Infrastructure	G, R, C	296,890						296,890
Abington Park Museum - Renewal of Displays	C	210,000						210,000
Block Programmes - specific schemes to be agreed								
Capital Improvements - Regeneration Areas	C	502,875	50,000	*50,000*	*50,000*	*50,000*	*50,000*	752,875
Parks/Allotments/Cemeteries Enhancements	C	269,986	200,000	*250,000*	*250,000*	*250,000*	*250,000*	1,469,986
Car Park Lifts	C	250,000	250,000	*200,000*				700,000
Operational Buildings - Enhancements	C	416,046	250,000	*250,000*	*250,000*	*250,000*	*250,000*	1,666,046
Commercial Landlord Responsibilities	C	411,778	50,000	*50,000*	*50,000*	*50,000*	*50,000*	661,778
Other								
Play Equipment	G, R, C		100,000					100,000
Planning IT Improvements	G	17,000	17,000					34,000
Development Pool (Estimated Costs)								
Vulcan Works	G, C	850,000	7,650,000	3,089,716				11,589,716
Central Museum Development	C	150,179	6,212,000	300,000				6,662,179

St James Mill Link Road	G, EZ	1,000,000	1,000,000					2,000,000
St Peters Waterside	G	20,697	1,000,000					1,020,697
Town Centre Traffic Enhancements	C		200,000					200,000
Fish Street Public Realm	C		509,000					509,000
Market Stall Covers	C		20,000					20,000
9 Guildhall Road - purchase	R		462,000					462,000
Mounts Bath Improvements	G,C		570,000					570,000
Revenues and Benefits Capital Investments	C		147,000	121,000	20,000	20,000	20,000	328,000
Schemes Due to Complete in 2016/17*	G, R, C	6,320,466						6,320,466
Total General Fund Capital Programme		**18,804,944**	**20,679,000**	**5,935,716**	**2,245,000**	**2,245,000**	**2,245,000**	**52,154,660**

* as previously reported to Cabinet

Key to Funding Sources

G - Grants & Contributions

R - Revenue and Reserves

EZ - Enterprise Zone Business Rates

SF - Self-funded Borrowing

C - Corporate Resources - Capital Receipts or Borrowing

Proposed General Fund Capital Funding	2016-17 £	2017-18 £	2018-19 £	2019-20 £	2020-21 £	2021-22 £	Total £
Grants & Contributions:							
Disabled Facilities Grant - Better Care Fund	950,000	1,092,000	1,092,000	1,092,000	1,092,000	1,092,000	6,410,000
Heritage Lottery Funding - Delapre Abbey	1,280,075						1,280,075
HPDG	17,000	17,000					34,000
Local Growth Fund - Vulcan Works	850,000	5,450,000					6,300,000
Local Growth Fund - St James Mill Link Road	562,000						562,000
Section 106	3,339,600	25,000					3,364,600
Other Grants and Contributions	267,698	1,534,000	2,000,000				3,801,698
Sub-total Grants & Contributions	7,266,373	8,118,000	3,092,000	1,092,000	1,092,000	1,092,000	21,752,373
NBC Earmarked Reserves - Delapre Abbey	1,316,110						1,316,110
Other Revenue/Reserves	1,005,020	487,000					1,492,020
Capital Receipts - Heritage	250,179	6,212,000	300,000				6,762,179
Capital Receipts - Other	4,640,973	467,000					5,107,973
Growing Places Fund and Local Infrastructure Fund (to be repaid from EZ business rate uplift) - St James Mill Link Road	438,000	1,000,000					1,438,000
Self-funded Borrowing	1,228,225	2,350,000	950,000	150,000	150,000	150,000	4,978,225
Corporate Borrowing	2,660,064	2,045,000	1,593,716	1,003,000	1,003,000	1,003,000	9,307,780
Total Funding	**18,804,944**	**20,679,000**	**5,935,716**	**2,245,000**	**2,245,000**	**2,245,000**	**52,154,660**

Appendix 7

Earmarked Reserves Forecast

Description	Forecast Balance 1 April 2017	Expected Use/ (Contribution) 2017/18	Forecast Balance 31 March 2018	Reason for Reserve/Proposed Use
Delivering the Efficiency Plan	(7,301,420)	0	(7,301,420)	To be used for one-off investment leading to improved efficiency and savings.
MTFP Cashflow	(4,441,000)	(1,078,619)	(5,519,619)	To be retained to cover any timing delays in achieving savings targets
Strategic Investment Reserve	(1,500,000)	0	(1,500,000)	For investments supporting strategic acquisitions.
Insurance Reserve	(1,269,260)	(57,000)	(1,326,260)	Actuarial valuation of future insurance costs
Other General Reserves	(4,977,513)	198,000	(4,779,513)	To fund specific corporate or service specific risks and funding needs
Total Earmarked Reserves	**(19,489,193)**	**(937,619)**	**(20,426,812)**	

Appendix 8

Northampton Borough Council - Efficiency Plan 2017/18 to 2020/21 - Savings Included in Budgets

	2017/18 Target £k	2017/18 In Budget £k	2018/19 Target £k	2018/19 In Budget £k	2019/20 Target £k	2019/20 In Budget £k	2020/21 Target £k	2020/21 In Budget £k
Summary Savings Included by Workstream								
Workstream 1 - Economic Growth	-254	-172	-536	-177	-880	-182	-1,409	-188
Workstream 2 - Partnership		0		0	-250	0	-500	0
Workstream 3 - Community Empowerment		11	-100	-411	-350	-459	-500	-459
Workstream 4 - Exploiting Commercial Opportunities		0	-100	0	-1,040	0	-1,580	0
Workstream 5 - Being more efficient:	-1,495	-1,638 *	-2,476	319	-1,946	-112	-559	301
Reprovision of Environmental Services		0	-500	0	-500	0	-500	0
Support Services (LGSS Contract)	-50	-43	-250	-167	-500	-406	-1,000	-511
Income from Fees and Charges	-722	-683	-760	-683	-799	-683	-837	-683
Debt Financing Savings & Other Technical Savings	-286	-282	-338	-69	-447	-79	-447	-13
Total Efficiency Plan Savings Included in Budget	**-2,807**	**-2,807**	**-5,060**	**-1,188**	**-6,712**	**-1,921**	**-7,332**	**-1,553**
Funding Gap		**0**		**-3,872**		**-4,791**		**-5,779**

* This is the balancing figure of all other budget changes to reflect the balanced budget achieved for 2017/18

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
Waste Services				
Bulky Waste Collection	Up to three Items	Non - S	29.67	30.50
Skip Collection Service	Non - Recyclable Waste - per tonne	Non - S	106.39	109.37
(to be confirmed)	Administration Fee	Non - S	60.36	62.05
	Mileage Charge - per mile	Non - S	2.05	2.11
	Waste Above one Tonne - prices available from Waste Minimisation Team			
Cemetery				
Grant of Right	Adult Grave for 1 - 5'6"	Non - S	441.94	454.31
	Adult Grave for 2 - 6'6"	Non - S	510.48	524.77
	Adult Grave for 3 - 7'6"	Non - S	580.04	596.28
	Child	Non - S	87.98	90.44
	Cremated Remains	Non - S	166.75	171.42
Internment Fee Monday - Friday	Grave Depth 7'6"	Non - S	553.44	568.94
	Grave Depth 6'6"	Non - S	483.88	497.43
	Grave Depth 5'6"	Non - S	441.94	454.31
	Child up to 12 Years	Non - S	69.56	71.51
	Still Born - 1 Month Old	Non - S	No Charge	No Charge
	Cremated Remains	Non - S	166.75	171.42
	Scattering of Ashes	Non - S	23.53	24.19
	Mausoleum	Non - S	4,036.76	4,149.79
Vault	Grant of Right and First Interment	Non - S	884.90	909.68
	Second Interment	Non - S	416.36	428.02
Memorial Erection Rights	Headstone - Adult	Non - S	119.69	123.04
	Headstone - Child	Non - S	31.71	32.60
	Vase - Plain	Non - S	No Charge	No Charge
	Vase - Inscribed	Non - S	56.27	57.85
Kerb Sets	Kerb only	Non - S	180.05	185.09
	Kerb and Headstone	Non - S	298.72	307.08
	Memorial Tablet	Non - S	56.27	57.85
	Additional Inscription	Non - S	41.94	43.11
	Grave Number Marker	Non - S	16.37	16.83
	Permanent Grave Number Marker	Non - S	25.58	26.30
	Use of Chapel	Non - S	69.62	71.57
	Use of Chapel - Winter Fuel Charge	Non - S	8.44	8.68
	Search Fee (Inc VAT) - Small Search	Non - S	No Charge	No Charge
	Search Fee (Inc VAT) - Medium search	Non - S	26.37	27.11
	Search Fee (Inc VAT) - Full search	Non - S	70.67	72.65
Non Resident Fees - families that have resided outside the Borough for more than 5				
Allotments				
Standard Plot	10 Poles	Non - S	34.00	34.95
Half size	5 Poles	Non - S	17.00	17.48
Gate Key Fee - either £6 or £4 dependent on type of lock used				
Parks				

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
Some bookings may require a differing VAT treatment than that assumed below. The				
Football	Senior Pitch	Non - S	28.50	28.75
	Junior Pitch	Non - S	9.00	9.25
Rugby	Senior Pitch	Non - S	28.50	28.75
	Junior Pitch	Non - S	15.00	REMOVE
Gaelic Football	Senior Pitch	Non - S	28.50	28.75
Use of Changing Rooms	Changing Facilities for any activity - with showers			
	Monday - Saturday	Non - S	13.50	13.50
	Sunday	Non - S	17.50	17.50
	Changing Facilities for any activity - without showers			
	Monday - Saturday	Non - S	9.50	9.50
	Sunday	Non - S	14.50	14.50
Cricket	Day Match	Non - S	39.00	39.00
	Evening Match	Non - S	25.50	25.50
	Junior School Match	Non - S	14.00	14.00
Bowls	Rink per person, per hour	Non - S	2.80	2.80
	OAP's & Unemployed	Non - S	2.80	2.80
	Matches - 3 rinks per hour	Non - S	18.60	18.75
	Matches - 4 rinks per hour	Non - S	23.90	24.10
	Matches - 5 rinks per hour	Non - S	29.70	30.00
	Hire of Bowls per game	Non - S	2.00	2.00
	Hard Court - Per Court per hour	Non - S	6.00	6.00
	Per Court, per hour with floodlights	Non - S	11.00	11.00
	Concession	Non - S	3.00	3.00
Mini 5 a Side Football	Hire of Pitch	Non - S	5.00	5.30
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				

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
Lotteries	New Application	S	40.00	40.00
	Annual Fee	S	20.00	20.00
Premises Licence New Application	New Small Casino	S	8,000.00	8,000.00
	New Large Casino	S	10,000.00	10,000.00
	Regional Casino	S	15,000.00	15,000.00
	Bingo Club	S	3,500.00	3,500.00
	Betting Premises (exc track)	S	3,000.00	3,000.00
	Tracks	S	2,500.00	2,500.00
	Family Entertainment Centre	S	2,000.00	2,000.00
	Adult Gaming Centre	S	2,000.00	2,000.00
Premises Licence Variation Application	Existing Casino	S	2,000.00	2,000.00
	Small Casino	S	4,000.00	4,000.00
	Large Casino	S	5,000.00	5,000.00
	Regional Casino	S	7,500.00	7,500.00
	Bingo	S	1,750.00	1,750.00
	Betting Premises (exc track)	S	1,500.00	1,500.00
	Tracks	S	1,250.00	1,250.00
	Family Entertainment Centre	S	1,000.00	1,000.00
	Adult Gaming Centre	S	1,000.00	1,000.00
Premises Licence Annual Fee	Existing Casino	S	3,000.00	3,000.00
	Small Casino	S	5,000.00	5,000.00
	Large Casino	S	10,000.00	10,000.00
	Regional Casino	S	15,000.00	15,000.00
	Bingo	S	1,000.00	1,000.00
	Betting Premises (exc track)	S	600.00	600.00
	Tracks	S	1,000.00	1,000.00
	Family Entertainment Centre	S	750.00	750.00
	Adult Gaming Centre	S	1,000.00	1,000.00
Club Machine Permits	New Application Part 2 & 3	S	200.00	200.00
	Annual Fee	S	50.00	50.00
	Variation Permit	S	100.00	100.00
Prize Gaming Permit	New Application	S	300.00	300.00
	Renewal	S	300.00	300.00
	Change of Name	S	25.00	25.00
Alcohol Licensed Premises	Notification of 2 or less machines	S	50.00	50.00
	Notification of change	S	50.00	50.00
	New application gaming machine permit	S	150.00	150.00
	Gaming machine permit existing	S	100.00	100.00
	Transfer of permit	S	25.00	25.00
	Machine Permit Annual Fee	S	50.00	50.00
	Variation Permit	S	100.00	100.00
	Change of Name	S	25.00	25.00
Copy of Permits			15.00	15.00
Copy of Licences			25.00	25.00
Unlicensed Family Entertainment Centre	New Application	S	300.00	300.00
	Renewal	S	300.00	300.00
	Change of Name	S	25.00	25.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
Licensing Act 2003 Alcohol & Regulated Entertainment				
Premises Licence New Grant/Variation	Band A (RV £0 - £4,300) *	S	100.00	100.00
	Band B (RV £4,301 - £33,000)*	S	190.00	190.00
	Band C (RV £33,001 - £87,000)*	S	315.00	315.00
	Band D (RV £87,001 - £125,000)*	S	450.00	450.00
	Band D x 2*	S	900.00	900.00
	Band E (RV £125,000+)*	S	635.00	635.00
	Band E x 3*	S	1,905.00	1,905.00
Premises Licence Annual Fee	Band A (RV £0 - £4,300) *	S	70.00	70.00
	Band B (RV £4,301 - £33,000)*	S	180.00	180.00
	Band C (RV £33,001 - £87,000)*	S	295.00	295.00
	Band D (RV £87,001 - £125,000)*	S	320.00	320.00
	Band D x 2*	S	640.00	640.00
	Band E (RV £125,000+)*	S	350.00	350.00
	Band E x 3*	S	1,050.00	1,050.00
Club Premises Certificate	Theft/loss etc.	S	10.50	10.50
	Change of name/rules of club & change of registered address	S	10.50	10.50
	Premises - duty to notify change of address	S	10.50	10.50
Community Premises DPS condition removal			23.00	23.00
Personal Licence				
	New Application	S	37.00	37.00
	Change of name/address	S	10.50	10.50
	Theft/loss etc.	S	10.50	10.50
Premises Licence Miscellaneous				
	Transfer Premises Licence	S	23.00	23.00
	Interim authority notice following death etc.	S	23.00	23.00
	Minor Variation	S	89.00	89.00
Provisional Statement				
	New Application	S	315.00	315.00
Right of Freeholder/Notification of interest			21.00	21.00
Temporary Event application (TEN)				
	New Application	S	21.00	21.00
	Theft/loss etc.	S	10.50	10.50
	RV = Rateable Value *Exemptions may be applicable & additional fee multipliers may apply for premises used for consumption primarily for the sale of alcohol or capacities over 5,000. Fees available upon request.			
Taxi and Private Hire				
Drivers Licence/Badge 3 year Licence	Replacement badge	Non-S	20.00	20.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	Replacement licence	Non-S	25.00	25.00
	Renewal	Non-S	140.00	140.00
	Disclosure & Barring Application	Non-S	44.00	44.00
	Replacement badge buddy	Non-S	1.50	1.50
Vehicle	New Plate	Non-S	99.00	99.00
	Renewal	Non-S	93.00	93.00
	Transfer of vehicle	Non-S	12.00	12.00
	Replacement licence	Non-S	22.00	22.00
	Replacement plate	Non-S	16.00	16.00
	Replacement bracket	Non-S	15.00	15.00
Private Hire Operators 5 Year Licence	New Application	Non-S	1,550.00	1,550.00
	Renewal 0 vehicle	Non-S	1,450.00	1,450.00
	Renewal 1 vehicle	Non-S	1,100.00	1,100.00
	Renewal 2 - 5 vehicle	Non-S	1,600.00	1,600.00
	Renewal 6 - 20 vehicle	Non-S	1,750.00	1,750.00
	Renewal 21 - 50 vehicle	Non-S	2,050.00	2,050.00
	Renewal 51 - 100 vehicle	Non-S	2,650.00	2,650.00
	Renewal 101 - 200 vehicle	Non-S	3,850.00	3,850.00
	Renewal 201 - 300 vehicle	Non-S	6,250.00	6,250.00
	Renewal 301 - 400 vehicle	Non-S	11,050.00	11,050.00
	Renewal 400+ vehicle	Non-S	20,650.00	20,650.00
	Payment Arrangement	Non-S	50.00	50.00
	Operator change of name	Non-S	220.00	220.00
New Private Hire Driver	Initial Appointment	Non-S	30.00	30.00
	Induction Day	Non-S	100.00	100.00
	Grant of 3 year licence	Non-S	190.00	190.00
	Induction re-take	Non-S	55.00	55.00
Miscellaneous	Recovery of returned cheque	Non-S	35.00	35.00
	Safety Awareness Course	Non-S	200.00	200.00
	Hackney Test	Non-S	55.00	55.00
Car Boots				
Registration Fee	1 - 50 pitches	Non-S	10.00	10.00
	51 - 75 pitches	Non-S	25.00	25.00
	76 - 100 pitches	Non-S	30.00	30.00
	101 - 125 pitches	Non-S	35.00	35.00
	126 - 150 pitches	Non-S	40.00	40.00
	151 - 175 pitches	Non-S	45.00	45.00
	176 - 200 pitches	Non-S	50.00	50.00
	1 - 20 pitches	Non-S	Nil	Nil
Fee Per Event	21 - 50 pitches	Non-S	15.00	15.00
	51 - 75 pitches	Non-S	20.00	20.00
	76 - 100 pitches	Non-S	25.00	25.00
	101 - 125 pitches	Non-S	30.00	30.00
	126 - 150 pitches	Non-S	35.00	35.00
	151 - 175 pitches	Non-S	40.00	40.00
	176 - 200 pitches	Non-S	45.00	45.00
Sex Shop/Entertainment Establishment				
Sex Establishments	Per Year	Non - S	750.00	750.00
Sex Entertainment Establishments	Per Year	Non - S	2,500.00	2,500.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
Street Trading				
Standard Area*				
Street Trading Standard Area	Trading 1 day per week	Non-S	240.00	240.00
	Trading 2 days per week	Non-S	480.00	480.00
	Trading 3 days per week	Non-S	720.00	720.00
	Trading 4 days per week	Non-S	960.00	960.00
	Trading 5 days per week	Non-S	1200.00	1200.00
	Trading 6 days per week	Non-S	1440.00	1440.00
	Trading 7 days per week	Non-S	1680.00	1680.00
Premium Park				
Street Trading Premium Park	Trading 1 day per week	Non-S	300.00	300.00
	Trading 2 days per week	Non-S	600.00	600.00
	Trading 3 days per week	Non-S	900.00	900.00
	Trading 4 days per week	Non-S	1200.00	1200.00
	Trading 5 days per week	Non-S	1500.00	1500.00
	Trading 6 days per week	Non-S	1800.00	1800.00
	Trading 7 days per week	Non-S	2100.00	2100.00
	* Standard Areas = Industrial Estates & Layby's. Street Trading is prohibited in town centre locations.			
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, Acupuncturing, 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	80.00	80.00
Environmental Searches	Urgent Rate	Non - S	120.00	120.00
Consultancy	Contaminated Land etc	Non - S	80.00	80.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
Statement and Legal Advice (Private Cases)	Hourly Rate	Non - S	80.00	80.00
	Up to 5 Pages	Non - S	180.00	180.00
	Additional Pages	Non - S	30.00	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	60.00	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
Fly Tipping	FPN (discounted amount £250)	S	400.00	400.00
Photocopying and Printing				
	First A4 sheet	Non - S	3.50	3.50

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	Additional sheets	Non - S	0.50	0.50
	A3	Non - S	3.75	3.75
	Additional sheets	Non - S	0.50	0.50
	Copying Statutory Notices	Non - S	25.00	25.00
General	Copy of Taped Interview	Non - S	25.00	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)
	Paper Version - Edited	S	£10 admin fee plus £5 per thousand entries (or part)	£10 admin fee plus £5 per thousand entries (or part)
	Confirmation of Registration - Individual	Non - S	15.00	15.00
Borough Secretary				
	Certifying Foreign Pensions	Non - S	10.00	10.00
	Subject Access Request	S	10.00	10.00
	FOI time per hour (first 18 hrs free)	S	25.00	25.00
	Postage & Packing request documents		at cost	at cost
	Provision of CCTV Footage (redaction where necessary charged in addition to recover actual costs only)		36.50 (up to 1hr of footage)	36.50 (up to 1hr of footage)
	Provision of Additional CCTV Footage (per hr)		25.00	25.00
	Photocopying (per A4 side)		0.12	0.12
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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	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 40m²	S	195.00	195.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 40m² but no more than 75m²	S	385.00	385.00
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 75m² but no more than 3750m²	S	385.00 for each 75m² or part of	385.00 for each 75m² or part of
	Erection of buildings not dwellings, agricultural, glasshouses, plant nor machinery, increase of gross floor space of more than 3750m² - £19,049 plus £115 for each additional 75m² to a max of £250,000	S	19,049 plus 115 for each additional 75m² to a max of 250,000.	19,049 plus 115 for each additional 75m² to a max of 250,000.
	The erection of buildings on land used for agriculture purposes with a site area of no more than 465m²	S	80.00	80.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 465m² but not more than 540m²	S	385.00	385.00
	The erection of buildings on land used for agriculture purposes with a site area of more than 540m² but no more than 4,215m² - £385 for first 540m² plus £385 for each 75m² or part thereof	S	385.00 for first 540m² plus 385.00 for each 75m² or part thereof	385.00 for first 540m² plus 385.00 for each 75m² or part thereof

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	The erection of buildings on land used for agriculture purposes with a site area of more than 4,215m² - £19,049 plus £115 for each additional 75m² to a max of £250,000	S	19,049.00 plus 115.00 for each additional 75m² to a max of 250,000.	19,049.00 plus 115.00 for each additional 75m² to a max of 250,000.
	Erection of glasshouses on land used for the purposes of agriculture with a floor space no more than 465m²	S	80.00	80.00
	Erection of glasshouses on land used for the purposes of agriculture with a floor space more than 465m²	S	2,150.00	21,150.00
	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
	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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	Other operations - Winning and working of a site that exceeds 15 Hectares - £29,112 plus £115 for each additional 0.1 Hectare in excess of 15 Hectares up to £65,000	S	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 385.01
Approval/ Variation/ Discharge of Condition	Application for removal or variation of a condition following grant of planning permission	S	195.00	196.00
	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 a particular condition	S	195.00	196.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	LDC - Proposed Use	S	Half normal planning fee	Half normal planning fee
Prior Approval				
	Change of use from Class B1(a) (Offices) to Class C3 (Dwelling Houses)	S	80.00	80.00
	Change of use from Classes B1 (Business), C1 (Hotels), C2 (Residential Institutions), C2a (Secure Residential Institutions) and D2 (Assembly & Leisure) to use as a State Funded School	S	80.00	80.00
	Change of use from an Agricultural Building to a flexible use falling within either Class A1 (Shops), Class A2 (Financial & Professional Services), Class A3 (Restaurants and Cafes), Class B1 (Business), Class B8 (Storage or Distribution), Class C1 Hotels or Class D2 (Assembly and Leisure).	S	80.00	80.00
	Agricultural / Forestry buildings & operations or demolition of buildings	S	80.00	80.00
	Installation of a radio mast ,radio equipment, housing or public callbox	S	385.00	385.00
Non-Material Amendment				
	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	20.00	25.00
Copy Tree Preservation order		Non - S	20.00	25.00
Copy of Appeal Decision Notice		Non - S	20.00	25.00
Copy of Enforcement Notices		Non - S	20.00	25.00
Copy of Section 106		Non - S	30.00	50.00
Photocopying				
A4	per sheet	Non - S	1.00	1.50
A3	per sheet	Non - S	1.50	2.00
A2	per sheet	Non - S	5.00	6.00
A1	per sheet	Non - S	7.50	8.00
A0	per sheet	Non - S	12.00	15.00
Ordnance Survey Extracts	Set of 6 A4 extracts of 1:500 scale	Non - S	30.00	30.50
	Set of 6 A4 extracts of 1:1250 scale	Non - S	30.00	30.50
	Set of 6 A4 extracts of 1:2500 scale	Non - S	30.00	30.50
Planning Policy Documents	Consultants' Reports	Non - S	POA	POA
	Local Plans various stages of development and all supporting documents	S & Non-S	POA	POA
Pre-Application Advice	Largescale Major Developments	Non - S	POA	POA
	Other Major Development Dwellings	Non - S	15% of fee	15% of fee
	Other Major Development Offices/Research and Development/Light industry	Non - S	15% of fee	15% of fee

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	Other Major Development Heavy Industry/Storage/Warehousing	Non - S	15% of fee	15% of fee
	Other Major Development Retail, Distribution and Servicing	Non - S	15% of fee	15% of fee
	All other major development	Non - S	15% of fee	15% of fee
	Minor Development 1 dwelling	Non - S	15% of fee	15% of fee
	Minor Development 2-9 dwellings	Non - S	15% of fee	15% of fee
	Minor Development Offices/Research and Development/Light industry	Non - S	190.00	15% of fee
	Minor Development Heavy Industry/ Storage/ Warehousing	Non - S	190.00	15% of fee
	Minor Development Retail and Distribution	Non - S	190.00	15% of fee
	All other Minor Development	Non - S	15% of fee	15% of fee
	Change of Use to House in Multiple Occupation	Non - S	80.00	90.00
	Change of Use	Non - S	15% of fee	15% of fee
	Householder Developments	Non - S	15% of fee (£25.80)	15% of fee (£25.80)
	Advertisements	Non - S	25.00	25.50
	Listed Building Consent to alter/extend	Non - S	80.00	90.00
	Listed Building Consent to demolish	Non - S	80.00	90.00
	Conservation Area Consents	Non - S	80.00	90.00
	Meetings and/or Site Visits (per 30 Minutes) in addition to the pre-application charge applicable above	Non - S	90.00	92.00
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
Planning Performance Agreement	Individual Cases	S	negotiable on an individual case	negotiable on an individual case
Building Control				
New Dwellings up to 300m²:				
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 300m², the charge is individually determined				
Detached garage of car port up to 40m²	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 40m²	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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
Domestic extension up to 10m²	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 10m² to 40m²	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 40m² to 100m²	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
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,	Plan Charge	S	200.28	200.28
re-rendering/plastering and replacement ground floors that	Inspection Fee	S	Included in Plan Charge	Included in Plan Charge
does not include changes to	Building Notice Charge	S	200.28	200.28
structural members	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	160.22
	Building Notice Charge	S	200.28	160.22
	Regularisation Charge	S	216.97	173.58
2,001 - 5,000	Plan Charge	S	240.38	200.38

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	Building Notice Charge	S	240.38	200.38
	Regularisation Charge	S	260.36	216.97
For schemes exceeding £5,000 estimated contract price the charge is individually determined				
Charges for all Non-Domestic Building Work				
Estimated Cost of Building Works				
£				
0 - 2,000	Plan Charge	S	200.28	200.28
	Building Notice Charge	S	200.28	200.28
	Regularisation Charge	S	216.97	216.97
2,001 - 5,000	Plan Charge	S	240.34	240.34
	Inspection Fee	S		
	Building Notice Charge	S	240.34	240.34
For schemes exceeding £5,000 estimated contract price the charge is individually determined				
Electrical Work - minimum charge when not carried out in conjunction 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 £20.00 to £31.00 per hour
Administration		Non - S	50.00	51.00
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	30.50
Copies of Certificates	Per Copy	Non - S	10.00	10.00
To view Historic / Stored Files		Non - S	210.00	214.00
Letters of Confirmation of works carried out if files not available		Non - S	45.00	46.00
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				

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
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
Guildhall Room Hire				
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
	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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
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 Artisit	Non - S	100.00	100.00
	AG2 & 3 (per week)			
	- Non-Profit Making Organisation	Non - S	60.00	60.00
	- Individual Artisit	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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	Evening*	Non - S	1.00	1.00
	Overnight*	Non - S	2.50	2.50
	Saturdays (MSCP only)		Free	Free
	Sunday	Non - S	Free	Free
	Coaches	Non - S	8.00	8.00
	* Selected Car Parks Only			
	Monthly - 7 day	Non - S	120.00	120.00
	Annual - 7 day	Non - S	1,440.00	1,440.00
Permits	Town Centre Annual Parking Permits	Non - S	360.00	360.00
	Commuter Permits	Non - S	600.00	600.00
Market Stall Rents				
Permanent Trader Rates				
Winter Rates				
Standard	Tues - Thurs	Non - S	7.00	7.00
	Fri	Non - S	10.00	10.00
	Sat	Non - S	15.00	15.00
1st Class	Tues & Weds	Non - S	9.50	9.50
	Thurs	Non - S	9.00	9.00
	Fri	Non - S	12.50	12.50
	Sat	Non - S	17.50	17.50
2nd Class	Tues & Weds	Non - S	8.50	8.50
	Thurs	Non - S	7.00	7.00
	Fri	Non - S	11.50	11.50
	Sat	Non - S	16.50	16.50
Summer Rates				
Standard	Tues - Weds	Non - S	10.00	10.00
	Thurs	Non - S	8.00	8.00
	Fri	Non - S	12.00	12.00
	Sat	Non - S	25.00	25.00
1st Class	Tues & Weds	Non - S	16.00	16.00
	Thurs	Non - S	10.00	10.00
	Fri	Non - S	18.00	18.00
	Sat	Non - S	31.00	31.00
2nd Class	Tues & Weds	Non - S	14.50	14.50
	Thurs	Non - S	8.00	8.00
	Fri	Non - S	16.50	16.50
	Sat	Non - S	29.50	29.50
Casual Trader Rates				
Winter Rates				
Standard	Tues - Thurs	Non - S	10.00	10.00
	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
Summer Rates				
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

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
	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
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	700.00	714.00
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	550.00	561.00
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	500.00	510.00
Licensable HMO's	Cost of Officer Attendance to help complete the Online Application	Non - S	60.00	61.20
Licensable HMO's	Pre-Application Inspection. Will be charged for missed, or cancelled, inspections where 24 hours notice has not been given	Non - S	60.00	61.20
Licensable HMO's	Variation to a licence	Non - S	no charge	100.00
All privately owned Properties (including Empty homes)	Cost if served with a Suspended Improvement Notice, an Improvement Notice, a Prohibition Order or take Emergency Remedial Action	Non - S	400.00	408.00
All privately owned Properties (including Empty homes)	Cost if served with an Emergency Prohibition Order	Non - S	450.00	459.00
All privately owned Properties (including Empty homes)	Cost to consider a revocation request to remove a Prohibition/Emergency Prohibition Notice	Non - S		204.00
Immigration	Request for Letter confirming property is satisfactory for intended immigrant	Non - S	200.00	204.00
Housing Act - Enforcement	Charging for taking Enforcement Action including works in default	S	Cost of work plus £250 or 15%, whichever is greater	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	It is recommended that this charge is increased by the Council's annual fees and charges uplift for 2016/2017 onwards.	It is recommended that this charge is increased by the Council's annual fees and charges
RSL Framework	Registration	Non - S	NPH	NPH
Choice Based Lettings	Flat rate charge for Advertising a Property	Non - S	NPH	NPH
Travellers Site Charges	Pitch Fee	Non - S	55.00 per week	55.00 per week
	Water	Non - S	10.00 per week	10.00 per week
Land Charges				
Standard Fees	Official LLC1 + CON29 enquiries search	Non - S	98.00	98.00
	Official LLC1 only certificate of search	Non - S	48.00	48.00

Fees & Charges

Activity / Item	Basis	Statutory / Non-Statutory	2016/17 Value inc VAT	2017/18 Value inc VAT
			£	£
Non Standard Fees	CON29O enquiries - question 4-22 inclusive when submitted with accompanying CON29R - each	Non - S	15.00	15.00
	CON29O enquiries submitted without an accompanying CON29R - additional admin fee (plus £15 per question)	Non - S	13.20	13.20
	Additional enquiries - each	Non - S	20.00	20.00
Additional Parcel Fees	CON29R additional parcels of land	Non - S	10.50	10.50
	LLC1 additional parcel fee (up to an additional 16 parcels)	Non - S	0.00	0.00
Personal Search Fees	Personal search	Non - S	0.00	0.00
	Personal search - additional parcels of land (up to an additional 16 parcels)	Non - S	0.00	0.00
Unrefined CON29R (Raw) data enquiries	Q1.1 (f-h)	Non - S	20.00	20.00
	Q3.7 (a-d, f); Q3.8; Q3.9	Non - S	2.00	2.00
	Q3.10; Q3.11	Non - S	1.00	1.00
Copies of documents	Planning consent	Non - S	10.00	10.00
	Section 106 Agreement	Non - S	15.00	15.00
	Tree Preservation Order	Non - S	10.00	10.00
	Other remaining copy documents	Non - S	15.00	15.00

Notes

Non S - Non Statutory
S - Statutory function

* - These fees will be implemented wef the Full Council Date (29/02/17)

Northampton Borough Council Treasury Management Strategy 2017-18

Contents

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 2017-18 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 2016-17 are

- Updates to Prudential and Treasury Indicators
- Updates to interest rate forecasts
- Updates to debt financing budget forecasts
- The replacement of internal funding from mid 2018/19 onwards with external borrowing to reduce the under borrowed position to within £10m of a fully funded position by 2021/22.
- The inclusion of the Council's 5 year Efficiency Plan as agreed by Cabinet on 28 September 2016 which includes providing Prudential and other indicators specifically related to Efficiency Plan expenditure within this Strategy and its appendices.
- The development of enhancements related to the governance and due diligence associated with the award of grants and third party loans by the Council.

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 2017-18, 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 2017, 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	2016-17 Projected	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
External borrowing						
Borrowing at 1 April	216	217	223	235	247	260
Expected change in borrowing	1	6	12	12	12	11
Borrowing at 31 March	**217**	**223**	**235**	**247**	**260**	**271**
CFR at 31 March	**259**	**268**	**274**	**276**	**280**	**279**
Under/(over) borrowing	**42**	**45**	**39**	**29**	**20**	**8**
Investments						
Investments at 1 April	66	75	72	77	88	98
Expected change in investments	9	-3	5	11	10	11
Investments at 31 March	**75**	**72**	**77**	**88**	**98**	**109**
Net borrowing	**142**	**151**	**158**	**159**	**162**	**162**

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 (at November 2016)

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

3.2 **UK. GDP growth rates** in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

3.3 The referendum vote for Brexit in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post positive growth numbers through the second half of 2016 and in 2017, albeit at a slower pace than in the first half of 2016.

3.4 The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

3.5 The **MPC meeting of 3 November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank.

3.6 The latest MPC decision included a forward view that **Bank Rate** could go either <u>up or down</u> depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

3.7 The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

3.8 The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015. In addition, the GfK consumer confidence index has recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result.

3.9 **Bank of England GDP forecasts** in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

3.10 **Capital Economics' GDP forecasts** are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

3.11 **The Chancellor** has said he will do 'whatever is needed' i.e. to **promote growth**; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November.

3.12 The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of 3.2% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, (16% down against the US dollar and 11% down against the Euro); this will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

3.13 What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure for October surprised by under shooting forecasts at 0.9%. However, producer output prices rose at 2.1% and core inflation was up at 1.4%, confirming the likely future upwards path.

3.14 **Gilt yields, and consequently PWLB rates**, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and have hit a peak on the way up again of 1.46% on 14 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

3.15 **Employment** has been growing steadily during 2016, despite initial expectations that the referendum would cause a fall in employment. However, the latest employment data in November, (for October), showed a distinct slowdown in the rate of employment growth and an increase in the rate of growth of the unemployment claimant count. **House prices** have been rising during 2016 at a modest pace but the pace of increase has been slowing since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

3.16 **USA.** Forward indicators on the American economy are pointing towards a pickup in growth in the rest of 2016. The Federal Reserve increased rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December 2016. Overall, despite some data setbacks, the US is still probably the best positioned of the major world economies to make solid progress towards a balanced combination of strong growth, full employment and rising inflation.

3.17 The result of the **presidential election** in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity

3.18 Trump's election has had a profound effect on the **bond market and bond yields** have risen sharply in the week since his election. Time will tell if this is a temporary over reaction, or a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure.

3.19 **EZ.** In the Eurozone, **the ECB** commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%.

3.20 **EZ GDP growth** in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.6% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

3.21 There are also significant specific political and other risks within the EZ: -

- **Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required.
- **Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority.This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.
- The under capitalisation of **Italian banks** and some **German banks** poses a major risk, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation.
- **4 December Italian constitutional referendum** on reforming the Senate and reducing its powers; this has also become a confidence vote on Prime Minister Renzi.
- **Dutch general election 15.3.17**; a far right party is currently polling neck and neck with the incumbent ruling party.
- **French presidential election;** first round 13 April; second round 7 May 2017.
- **French National Assembly election June 2017.**
- **German Federal election August – 22 October 2017.**

- The core EU, (note, not just the Eurozone currency area), principle of **free movement of people** within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

3.22 Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question.

3.23 **Asia.** Economic growth in China has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures which further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

3.24 Economic growth in Japan is still patchy, at best, and flirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

3.25 **Emerging countries.** There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that $340bn of emerging market corporate debt will fall due for repayment in the remaining two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

3.26 Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

3.27 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 2017/18 and beyond;

- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August, they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a "hard Brexit", the fall in the value of sterling , and an increase in inflation expectations. 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 capital expenditure and/or refinancing maturing debt;

- There will remain a cost of carry to any new borrowing which causes a temporary increase in cash balances as this position will, most likely, incur a revenue loss – the difference 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 future years, when long term interest rates are forecast to be significantly higher. Consequently, the strategy for 2017/18 and until mid 2018/19 will be to continue to use internal rather than external borrowing to fund capital expenditure. However, from mid 2018/19 until the end of 2021/22 the objective will be to replace existing internal borrowing with external borrowing in order to reduce the under borrowed position to within £10m of the fully funded position. This course of action is being projected due to indicators showing rates of long term borrowing beginning to rise from 2018/19 and there being a need to "future proof " investment in order to deliver the Council's efficiency plan.

4.7 Against this background and the risks within the economic forecast, caution will be adopted with the 2017-18 treasury operations. The S151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

4.8 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.

4.9 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.

4.10 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.

4.11 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

4.12 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.

4.13 The Council also has powers to provide financial support to organisations under general powers of competence under the Localism Act 2011.

4.14 Further enhancement of the governance and due diligence in respect of the awarding of grants and third party loans is in the course of being developed during 2016/17 and 2017/18. This covers the development and introduction of:

- Checklists and a manual
- The incorporation of external independent advice as part of the award sign-off process

4.15 Loans currently in place are to Northampton Town Rugby Football Club (NTRFC), Unity Leisure, Cosworth, University of Northampton and Delapre Abbey Preservation Trust (DAPT)

Prudential & Treasury Indicators

4.16 The Council's prudential and treasury indicators for 2017-18 to 2021-22 are set out at Appendix 3.

Policy on borrowing in advance of need

4.17 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.

4.18 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

4.19 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.

4.20 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.

4.21 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).

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

Affordable Borrowing Limit

4.23 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.

4.24 The Council's affordable borrowing limit for 2017-18 is set at £335m. The table below shows the limits for next year and the following four years, broken down between the limit required for the Council's Efficiency Plan, its other capital expenditure purposes and that anticipated for the provision of loans to third parties.

Affordable Borrowing Limit					
	2017-18	2018-19	2019-20	2020-21	2021-22
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
NBC Efficiency Plan CFR	0	0	0	0	0
Other NBC CFR plus headroom	284	290	295	295	295
To support loans to third parties	51	50	50	50	50
Affordable Borrowing Limit	**335**	**340**	**345**	**345**	**345**

Temporary Borrowing

4.25 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.

4.26 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

4.27 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

4.28 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

4.29 Unauthorised bank overdrafts are currently charged at a standard debit interest rate of 2.00% above Bank Base Rate per annum.

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 2017-18 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 2017-18 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 £74.0m for 2017-18 each 0.1% increase or decrease in investment rates equates to £74.0k, 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 2017-18 to 2021-22. Interest payable and reimbursements in respect of loans to third parties already in place as at December 2016 are included.

9.2

Debt Financing Budget – NBC					
	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Interest payable	1,619	1,600	1,715	2,078	1,977
Interest Receivable	(1,529)	(1,269)	(1,467)	(1,732)	(1,653)
MRP	1,226	1,320	1,368	1,408	1,437
Recharges from/(to) the HRA	231	104	202	226	262
Total	**1,547**	**1,755**	**1,818**	**1,980**	**2,023**

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

Interest Rate Assumptions					
	2017-18 %	2018-19 %	2019-20 %	2020-21 %	2021-22 %
Investments	0.55	0.25	0.50	0.75	1.00
GF Borrowing 10 year PWLB	2.30	2.40	2.60	2.80	3.00
GF Borrowing 25 year PWLB	3.00	3.10	3.30	3.50	3.70
GF Borrowing 50 year PWLB	2.80	2.90	3.10	3.30	3.50

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.

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 2016

11.8 The Government spending review is published as part of the Chancellor's Autumn Statement on 23 November 2016. The detail and the implications for this and other Council's has still to be analysed and incorporated as required.

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

Appendix 1

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.

Appendix 2

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

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

Appendix 3

Prudential and Treasury Indicators

The prudential indicators for 2017-18 to 2021-22 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						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	Estimate %	Estimate %	Estimate %	Estimate %	Estimate %	Estimate %
GF Efficiency Plan	0.00	0.00	0.00	0.00	0.00	0.00
Other General Fund	6.02	6.50	7.63	7.94	8.46	8.46
Total General Fund	**6.02**	**6.50**	**7.63**	**7.94**	**8.46**	**8.46**
HRA	**38.14**	**39.04**	**41.07**	**41.43**	**41.88**	**41.30**

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 2016-17 and prior years, starting in 2017-18 and planned for 2018-19 to 2021-22.

Estimates of incremental impact of new capital investment decisions on the Council Tax						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p
GF Efficiency Plan	0.00	0.00	0.00	0.00	0.00	0.00
Other General Fund	0.59	0.41	2.03	3.78	5.38	6.28
Total General Fund	**0.59**	**0.41**	**2.03**	**3.78**	**5.38**	**6.28**

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 2016-17 and prior years, starting in 2017-18 and planned for 2018-19 to 2021-22.

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						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p	Estimate £.p
HRA	0.25	0.11	0.15	0.48	1.00	1.72

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				
	2017-18 £000 GF Efficiency Plan	2017-18 £000 Other Excluding Third Party Loans	2017-18 £000 Total Excluding Third Party Loans	2017-18 £000 Including Third Party Loans
ross external debt	**0**	**217,119**	**217,119**	**267,899**
2016-17 Closing CFR (forecast)	0	257,916	**258,687**	**308,976**
Increases to CFR**:				
2017-18	0	9,353	**9,353**	**9,073**
2018-19	0	6,283	**6,283**	**6,003**
2019-20	0	1,345	**1,345**	**1,065**
Adjusted CFR	**0**	**274,897**	**274,897**	**325,117**
Gross external debt less than adjusted CFR	**Yes**	**Yes**	**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 2017-18 to 2021-22 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					
	2017-18	2018-19	2019-20	2020-21	2021-22
	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
GF Efficiency Plan	0	0	0	0	0
Other General Fund	13,733	2,725	2,225	2,225	2,225
Loans to third parties	0	0	0	0	0
Total GF	**13,733**	**2,725**	**2,225**	**2,225**	**2,225**
HRA	**24,643**	**23,209**	**21,657**	**22,810**	**20,184**
Total	**38,376**	**25,934**	**23,882**	**25,035**	**22,409**

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 £12m over the five year period as additional borrowing is planned to support the HRA capital programme, which included £8m to fund new council house building at Dallington Beck. The HRA does not make an annual revenue provision towards debt repayment.

The changes to CFR for future years (2018-19 to 2021-22) are subject to future Council decisions in respect of the capital programme for those years

Capital Financing Requirement (Closing CFR)						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	31 March 2016 £000	31 March 2016 £000	31 March 2016 £000	31 March 2016 £000	31 March 2016 £000	31 March 2016 £000
GF Efficiency Plan	0	0	0	0	0	0
Other General Fund	64,769	64,629	64,623	64,398	64,134	64,167
Total General Fund	**64,769**	**65,067**	**65,470**	**65,628**	**65,723**	**63,843**
HRA	**193,918**	**202,640**	**208,929**	**210,499**	**214,372**	**214,372**
Total	**258,687**	**267,269**	**273,552**	**274,897**	**278,506**	**278,215**
Loans to third parties (GF	**51,060**	**50,780**	**50,500**	**50,220**	**49,970**	**49,750**
Total	**309,747**	**318,049**	**324,052**	**325,117**	**328,476**	**327,965**

Risk Analysis

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

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

External Debt

g) Authorised limit for external debt

Commentary

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

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

The authorised limit represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is “prudent” and be consistent with plans for capital expenditure and financing. It contains a provision for forward funding of future years capital programmes, which may be utilised if current interest rates reduce significantly but are predicted to rise in the following year.

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

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					
	2017-18	2018-19	2019-20	2020-21	2021-22
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
Borrowing	330	335	340	340	340
Other long-term liabilities	5	5	5	5	5
Total	**335**	**340**	**345**	**345**	**345**

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					
	2017-18	2018-19	2019-20	2020-21	2021-22
	Limit £m	Limit £m	Limit £m	Limit £m	Limit £m
Borrowing	320	325	330	330	330
Other long-term liabilities	5	5	5	5	5
Total	**325**	**330**	**335**	**335**	**335**

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 was 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 2017-18 to 2021-22 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.

l) 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
2016-17	100%	100%
2017-18	100%	100%
2018-19	100%	100%
2019-20	100%	100%
2020-21	100%	100%
2021-22	100%	100%

Upper limits on interest rate exposures - investments		
	Fixed Interest Rate Exposures	Variable Interest Rate Exposures
2016-17	100%	100%
2017-18	100%	100%
2018-19	100%	100%
2019-20	100%	100%
2020-21	100%	100%
2021-22	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
2016-17	150%	150%
2017-18	150%	150%
2018-19	150%	150%
2019-20	150%	150%
2020-21	150%	150%
2021-22	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					
	2017-18	2018-19	2019-20	2020-21	2021-22
	Upper Limit £m	Upper Limit £m	Upper Limit £m	Upper Limit £m	Upper Limit £m
Investments > 364 days	7	7	8	9	10

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 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 new accounting guidance or proper practice.

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.

1.5.15 The Minimum Revenue Provsion Policy Statement will be continuously reviewed throughout the financial year and particularly with respect to any devlopments in the Council's Effciency Plan. Any required amendments or changes will be brought back to Council for approval.

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 insitutions 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 2017-18 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 (UAE)
Canada	Hong Kong	France
Denmark	USA	Qatar
Germany		UK
Luxembourg		
Netherlands		
Norway		
Singapore		
Sweden		
Switzerland		

4 Investment position and use of Council's resources

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

Year End Resources £m	2016-17 Projected	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
Core funds	100	100	100	100	100	100
Working capital surplus	17	17	16	17	18	17
Total funds	**117**	**117**	**116**	**117**	**118**	**117**
Less under/(over) borrowing	42	45	39	29	20	8
Expected investments	**75**	**72**	**77**	**88**	**98**	**109**

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

4.3 The Strategic intention to reduce the under borrowed position by 2021/22 will lead to greater investment being an option. This trend is illustrated in the above table that shows a steady increase in the expected investment level.

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 2017-18 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 2017-18 is that the following non specified investments may be entered into:

6.2.1 Long-term investments (those for periods exceeding 364 days), which could prudently be used where interest rates are favourable and funds are not required for short-term cashflow management.

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

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

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

The maximum amount that the Council will hold at any time during the year as long-term investments is £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 2017-18 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 2017-18.

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
Non UK counterparties having a	£10m	2 years

(2b)	sovereign rating of AA+		
(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.

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 Following a joint procurement exercise with Cambridge City Council and South Cambridgeshire District Council, Barclays Bank were awarded the Council's banking services contract with effect from 1st October 2016.The contracts intial duration is 3 years with an option to extend for a further 2 years.

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.

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NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

27 February 2017

Agenda Status: PUBLIC **Directorate: Management Board**

Report Title	**Housing Revenue Account (HRA) Budget, Rent Setting 2017/18 and Budget Projections 2018/19 to 2021/22**

1. Purpose

1.1 The purpose of this report is to:

- Approve the HRA 2017/18 budget and the HRA indicative levels for 2018/19 to 2021/22, rent setting, service charges and other charges for 2017/18, including the Total Fee proposed for Northampton Partnership Homes (NPH) to deliver the services in scope for 2017/18.
- 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 legislation and the government's national rent policy, to take effect from 3rd April 2017.

b) The HRA budget for 2017/18 of £52.7m expenditure including options detailed in Appendix 1.

c) The HRA capital programme for 2017/18, including future year commitments, and proposed financing as set out in Appendix 2.

d) The proposed service charges listed in Appendix 3.

e) The Total Fees proposed for NPH to deliver the services in scope for 2017/18 detailed in Appendix 4.

f) That Cabinet be authorised, once the capital programme has been set, to approve new capital schemes and variations to existing schemes during 2017/18, subject to the funding being available and the schemes being in accordance with the objectives and priorities of the Council.

2.2 That the Council acknowledges the issues and risks detailed in the Chief Finance Officer's statement on the robustness of estimates and the adequacy of the reserves.

2.3 That the Council confirms 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 2017/18, having regard to the outcome of the financial risk assessment.

2.4 That Council delegate authority to the Chief Executive and Chief Finance Officer to implement any retained HRA budget options and restructures.

2.5 That authority be delegated to the Chief Finance Officer in consultation with the Portfolio Holder for Finance, and where appropriate the relevant Director and Portfolio Holder to:

- transfer monies to/from earmarked reserves should that become necessary during the financial year.
- transfer monies to /from HRA working balances between the Council and NPH for cash flow purposes should that become necessary during the financial year.
- update 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 15th 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	Housing Revenue Account (HRA) Budget, Rent Setting 2017/18 and Budget Projections 2018/19 to 2021/22

AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	15th February 2017
Key Decision:	YES
Within Policy:	YES
Policy Document:	YES
Directorate:	Management Board
Accountable Cabinet Member:	Cllr B Eldred
Ward(s)	N/A

1. Purpose

1.1 To agree the Cabinet's proposals for recommendation to Council on 27 February 2017 for the 2017/18 to 2021/22 HRA budgets.

1.2 To agree the Cabinet's proposals for recommendation to Council on 27 February 2017 for the 2017/18 HRA rent setting.

1.3 To agree the HRA capital programme funding proposals for 2017/18 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 3rd April 2017.

b) The HRA budget for 2017/18 of £52.7m expenditure including options detailed in Appendix 1.

c) The proposed service charges listed in Appendix 3.

d) The HRA capital programme for 2017/18, including future year commitments, and proposed financing as set out in Appendix 2.

e) That Cabinet be authorised, once the capital programme has been set, to approve new capital schemes and variations to existing schemes during 2017/18, 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 2017/18 detailed in Appendix 4.

2.2 That the Cabinet acknowledges the issues and risks detailed in the Chief Finance Officer's statement on the robustness of estimates and the adequacy of the reserves.

2.3 That the Council be recommended to confirm the reserves strategy of protecting balances wherever possible to allow the option of supporting future years' budgets, aiming for a minimum level of unallocated Housing Revenue Account balances of at least £5m for 2017/18 having regard to the outcome of the financial risk assessment.

2.4 That authority be delegated to the Chief Finance Officer to make any technical changes necessary to the papers for the Council meeting of 27th February 2017.

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 Chief Executive and the Cabinet Members for Finance and for Housing 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 2017/18 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 2017/18 to provide the services in scope taking into account the reducing financial envelope brought about by Government changes in legislation in housing finance laid down in the Welfare Reform and Work Bill and the Housing and Planning Bill reflected in last years budget and medium term planning process. .

3.1.3 On 14th December 2016, Cabinet approved the Draft HRA Budget for consultation.

Developments from summer 2015 Budget and Housing and Planning Bill.

3.1.4 The Governments summer Budget Statement of 2015 introduced three significant policy announcements which have significant impact for the future of the HRA, one of which, social housing rent reduction was implemented in 2016/17. The other two were 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). These two policies were expected to be introduced from 2017/18 onwards.

<u>Extension of Right To Buy and Higher Value Void sales</u>

3.1.4.1 This policy extends the RTB 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. This was due to commence from 2017/18. It is anticipated that housing associations would use the receipt to reinvest in new homes. To meet the cost of the discounts a determination will be issued requiring local authorities with a HRA to make a payment to the government for a financial year reflecting the market value of "high value" housing likely to become vacant during the year less costs, whether or not receipts are realised. The determining of the level of payment each HRA Local Authority will be expected to make will be entirely formula driven based on prior years termination and re-let figures. The last 5 years termination and re-let figures along with property Market values has been provided to the government. The recent Autumn Statement announced that this policy implementation is delayed until April 2018. The detailed formula behind this calculation is still anticipated to be consulted upon soon. Initial modelling has been carried out based on the limited information available and the indicative impact based on Capita modelling estimates the annual levy from 2018/19 to be £10m with an indication that to pay this levy the HRA could have to sell on the open market an additional 85 dwellings each year. This is shown in the table below:

Higher Value Voids Levy – the Estimated figures

	Source	
	Shelter	**Capita**
Estimated Annual Levy	£22m	£10m
Number of Higher Value Void Sales required	152	85
	Stock Numbers	
Current HRA Stock Level	11,800	11,800
Stock Loss over 5 Years	760	425
Stock Loss over 10 Years	1,520	850
Stock Loss over 30 Year Business Plan	4,560	2,550

- Assumes that receipts will be realised from sales required

The HRA Business plan will be updated with more information as and when information is released and the financial position reported at a later Cabinet.

Pay To Stay

3.1.4.2 The Housing and Planning Bill made provision for the charging of "high income social tenants" with reference to the market rate or other factors based on income and housing area. In the recent Autumn Statement the Government announced that it has decided not to proceed with the policy in its current compulsory form. Local authorities and housing associations will continue to have the discretion to implement the policy for tenants with incomes over £60k. This policy is currently not applied by the Council. This will be reviewed when details from the expected White paper are issued and an update brought back to Cabinet.. The additional income generated from the increase above social rents will have to be paid over to the Government. Implementation of this policy locally will undoubtedly increase the administrative burden and increase costs.

Welfare Reform

3.1.5 Over the medium term planning period, more information and detail will be released about Universal Credit (UC) and other welfare reform initiatives which will have an impact upon the current service provision of the Council. UC 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. The national expansion of UC commenced in February 2015 and the Council went live with the delivery of UC in November 2015. At this stage, the roll out of UC in Northampton is initially only for new claims from single working age people, who would otherwise have been eligible for Jobseeker's Allowance, including those with existing Housing Benefit and Working Tax Credit claims. DWP has recently announced that the full Digital Service for new UC cases will be rolled out to the Council in July 2018, at which point new claims to 'legacy' benefits, including HB, will cease. At this juncture, all new working age claimants will claim UC.

The current implementation timetable shows that UC will be established across Great Britain, with new claims to legacy benefits closed, from late 2018. Migration of existing benefit claims will follow thereafter and is planned to be completed by March 2022.

There is concern within the government in respect of the current level of UC related rent arrears and the government has commissioned an urgent review into the high rate of rent arrears owed by Universal Credit claimants. This concern stems from both the fact that UC payments are made directly to the claimant and the inherent delays in UC payments appear to be the cause of increases to arrears. To start to address some of these concerns the government has also established a UC ‘Trusted Partner’ pilot. Under the Trusted Partner proposals, social landlords will be able to identify vulnerable claimants and apply to have the rent directed to the landlord before the tenant falls into arrears.

The outcomes of these and future UC reviews/pilots continue to be closely monitored by. This could have an impact on rent collection for the Council which will have an impact on the overall HRA position. The bad debt provision was decreased in the original 2016/17 budget to reflect the good performance managing arrears levels and to take into account the phased implementation of Welfare reform. The level of arrears and required level of bad debt provision will continue to be monitored closely throughout 2016/17 financial year and future years in light of the welfare reform roll out.

3.2 Draft HRA Revenue Budget 2017/18 Cabinet 14th December 2016

3.2.1 The Cabinet met on the 14th December 2016 and recommended proposals for consultation. The headlines were:

a) Proposing rent decrease in line with legislation and national rent policy of 1%;

b) A HRA budget for 2017/18 of £52.7m expenditure with 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 2017/18 - Cabinet 15th February 2017

3.3.1 Further work on the HRA budget has been undertaken to refine the estimates since 14th December 2016. This has resulted in a few technical adjustments that does not impact on the overall HRA financial envelope

Rents and Rent Setting 2017/2018

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

3.3.2.1 The proposal for rent decreases in 2016/17 is therefore -1% on average across the housing stock. As previously reported this level of decrease reduces income over the 4 years by £20m which poses a real challenge to future sustainability of the HRA

3.3.3 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 2017/18

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

Dwelling Type	At Target	Not At Target	Total
Bedsit	109	180	**289**
Bungalow	372	20	**392**
Flat	978	2671	**3649**
House	4582	527	**5109**
Maisonette	29	145	**174**
Sheltered Bedsit	0	1	**1**
Sheltered Bungalow	1197	3	**1200**
Sheltered Flat	213	647	**860**
Sheltered House	3	0	**3**
Very Sheltered Flat	16	11	**27**
Total Dewllings	**7499**	**4205**	**11704**

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

3.3.4 The schedule of proposed Service Charges for 2017/18 is attached at Appendix 3. The level of Service Charges should be set to enable the full recovery of costs incurred. It is proposed that general Service Charges for 2017/18 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

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

3.3.6 The Total Fee for 2017/18 has been negotiated in partnership with NPH taking into account the current level of budgets, 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 continues to be reviewed which will lead to a reworking of the HRA 30 year Business Plan. A Government White Paper is also due to be released on Housing which will be interpreted and run through the HRA Business Plan model

3.3.7 In line with the changes since draft budget a schedule of all changes to the NPH total Fee since the 14th December 2016 proposals is shown below.

NPH Total Management Fee	December Cabinet	February Cabinet
Analysed by	**£'000**	**£'000**
Management - HRA	10,985	10,998
Management - General Fund Housing	260	260
Maintenance - Responsive & Cyclical (Managed Budget)	14,721	14,708
Capital - Improvements to Homes (Managed Budget)	19,484	21,711
Capital - Improvements to Environment (Managed Budget)	4,503	1,775
Capital - ICT Projects	-	500
Total Fee	**49,953**	**49,953**

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

HRA Reserves

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

Summary	Balance B/f 1 Apr 2017	Earmarked in Year	Applied in Year	Balance C/f 31 Mar 2018
	£	£	£	£
HRA Reserves	(9,144,521)	0	5,638,692	(3,505,829)
HRA Supporting People Reserve	(500,000)	0	0	(500,000)
HRA Reform Reserve	0	0	0	0
HRA Leaseholder Reserve	(500,000)	0	0	(500,000)
HRA Service Improvement Reserve	(1,000,000)	0	0	(1,000,000)
HRA Insurance Reserve	(300,000)	0	0	(300,000)
Total HRA Reserves	**(11,444,522)**	**0**	**5,638,692**	**(5,805,830)**
Min Level of Working Balances	**(5,000,000)**	**0**	**0**	**(5,000,000)**
Total HRA Reserves	**(16,444,522)**	**0**	**5,638,692**	**(10,805,830)**

3.3.9 These reserves can be drawn down as required, to finance the future strategic requirements of the service. The Capital Investment Reserve is currently all earmarked for the delivery of the Northampton Standard over the medium term and reflected in the Council's HRA Business Plan. The reserves will be subject to change depending on the outturn position for 2016/17 and future investment priorities driven by the Asset Management Plan and decided by the Council.

Adequacy of Working Balances

3.3.10A prudent level of working balance, along with appropriate application of reserves, should be part of the overall budget. The Chief Finance Officer reviews the level of balances required to support the Housing Revenue Account spend annually as part of a robust risk assessment. This risk assessment suggests that the minimum level of balances, taking all known risks into account should be held at the current level of £5m for 2017/18. It is anticipated that in future there could be a requirement to increase this level of working balances taking into account any further government announcements and White Papers. This minimum level is designed to cope with unpredictable circumstances, which cannot be addressed by management or policy action within the year. Under the Management Agreement with NPH, NPH will continue to have available to it £1m of this working balance to call upon to maintain cashflow if required. Further work is ongoing to assess the appropriate period to move to this higher level of working balances as part of the HRA Business Plan, in conjunction with NPH and will be reported to a future Cabinet

3.3.11 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

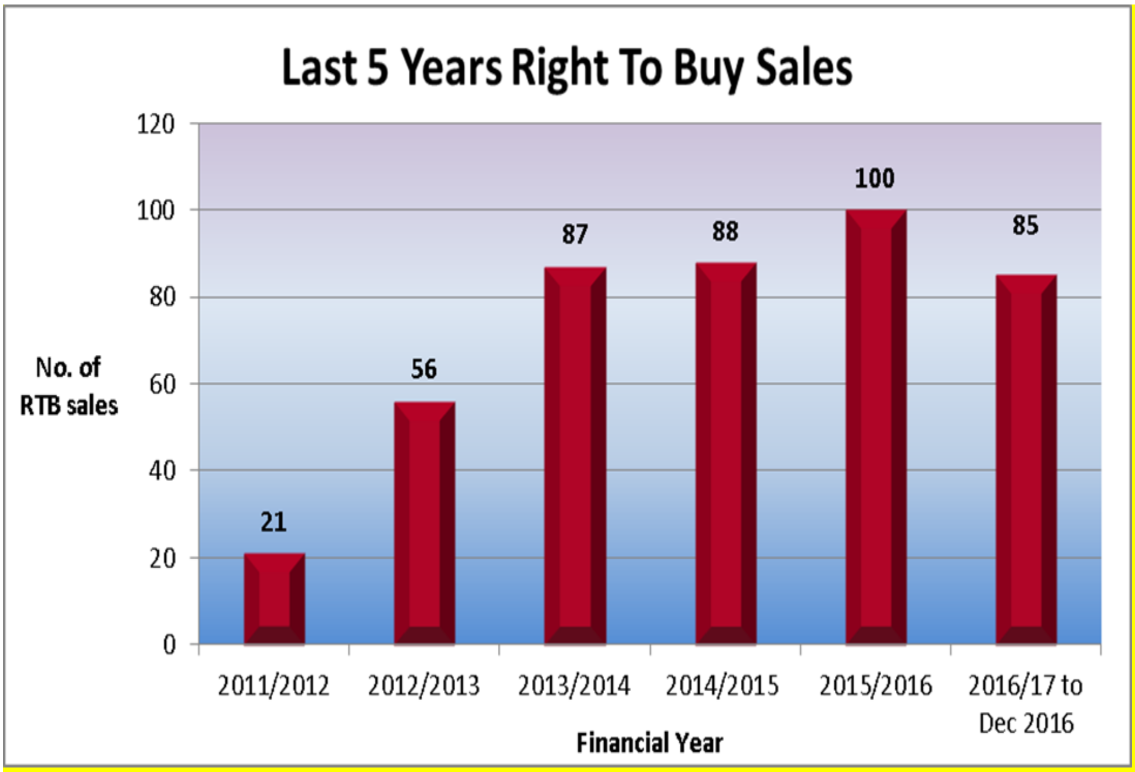
The Financial Position

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 legislative changes mentioned earlier in the report. Alongside the implementation NPH, the Council decided to adopt the “Northampton Standard” for the maintenance and improvement of Council housing stock. This higher standard has associated increased costs which are built in to the capital programme.

3.4.2 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 2017/18 onwards. The proposed capital programme for the medium term will be subject to review at the time of the update to the HRA 30 Year Business plan to ensure that it is manageable within the existing debt cap..

3.4.3 **New council House Build**. The Council was successful in it’s bid under the Local Growth Fund government scheme for an increase in it’s 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 has not moved forward at a pace that it could be delivered in this timeframe. Cabinet have received updates the latest of which proposes a number of different schemes to replace Dallington with under the Local Growth Scheme. The Council is liaising with DCLG presently on this. Updates will be reported to Cabinet in due course The Council are also undertakjng due diligence on a proposal for a 10 year Housing Development plan put forward by NPH

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 December 2016 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 2. 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. Capital programme paragraph 3.4.11 provides more information

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 2017/18 to 2021/22 is attached at Appendix 2.

3.4.8 The table below shows a summary of the draft programme and final proposed capital programme and funding for 2017/18.

Draft HRA Capital Programme and Funding 2017-18

	Draft Budget 2017/18 £'000s	Proposed Budget 2017/18 £'000s
Capital Programme 2017-18		
External Improvements	6,042	7,470
Internal Works	4,300	4,300
Major Projects	6,792	8,092
Environmental Improvements	4,503	1,775
Structural Works and Compliance	550	550
Diabled Adaptations	1,300	1,300
IT Development	500	500
New Build / Buy Backs / RTB 141 receipts	11,028	11,028
Total HRA Capital Programme	**35,015**	**35,014**
Funding Source:		
Major Repairs Reserve/Depreciation	13,437	13,437
Capital Receipts - Right to Buy (excl 1-4-1)	2,000	1,569
Capital Receipts - RTB 1-4-1 Receipts	1,400	3,107
Revenue/Earmarked Reserve	8,672	8,671
Section 106 - New Build	906	630
Additional Borrowing Cap re New Build	8,600	7,600
Total Funding	**35,015**	**35,014**

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 For 2017/18 the funding has been reworked to include the 70% required to enable the 141 Right to Buy receipts to be used by the Council to provide replacement Council Housing. NPH have identified a number of schemes which will create additionality to the stock when complete and these are included in the capital programme.

3.4.12 The HRA capital programme for 2017/18 and beyond will be refined in conjunction with NPH, in line with the updated Asset Management Plan, and a HRA Business Plan review and taking into account more detail on the legislative changes around the Higher Value Voids Levy when released.

3.5 The Next Steps

3.5.1 The timetable for the 2017/18 budget process requires a meeting of the Council on 27th February 2017, at which consideration will be given to the recommendations of this Cabinet in relation to the expenditure, income, and rent proposals that relate to HRA spending.

3.6 Consultation

3.6.1 Public consultation commenced 18 December 2015 and ended 31 January 2016. The consultation period will formally close on the date the budget is approved in February 2016.

3.6.2 The Council's dedicated budget information web pages received over **400** visits and 65 people completed online questionnaires. Other panels also consulted on the rent setting as laid down for 4 years in the Welfare Reform and Works Act 2016 are detailed in Appendix 5.

3.6.3 Overview and Scrutiny Committee reviewed the budget proposals at its meeting on 2 February 2017. The views of the Overview and Scrutiny Committees can be found in the General Fund Budget report at Appendix 2.

3.6.4 Audit Committee reviewed the budget proposals from a risk perspective on 16 January 2017. 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.

Resources and Risk

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

4.2 Legal

4.2.1 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.

4.3 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 2017.

4.4 How the Proposals Deliver Priority Outcomes

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

4.5 Appendices

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

1 Housing Revenue Account Summary

2 Proposed Housing Revenue Account Capital Programme and Financing

3 HRA Fees and Charges

4 NPH Total Fee Detail

5 Consultation on Rent setting

5. Background Papers

5.1 None

David Kennedy, Chief Executive, ext. 7726

Glenn Hammons, Section 151 Officer, 01604 366521

Appendix 1

DRAFT Housing Revenue Account Budget Summary 2017-2022

Description	Note	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22
INCOME		**£**	**£**	**£**	**£**	**£**
Rents - Dwellings Only	(1)	(49,507,300)	(48,584,500)	(48,673,000)	(48,218,800)	(48,775,500)
Rents - Non Dwellings Only	(1)	(1,113,200)	(1,124,200)	(1,135,300)	(1,151,300)	(1,162,700)
Service Charges		(2,105,341)	(2,128,802)	(2,155,532)	(2,194,844)	(2,234,198)
Other Income		(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
Total Income		**(52,732,841)**	**(51,844,502)**	**(51,970,832)**	**(51,571,944)**	**(52,179,398)**
EXPENDITURE						
Repairs and Maintenance	(2)	14,707,868	14,303,591	14,383,603	14,207,252	14,404,551
General Management	(2)	6,795,016	6,559,197	6,605,868	6,503,001	6,618,087
Special Services	(2)	4,700,451	4,599,386	4,619,388	4,575,302	4,624,625
Rents, Rates, Taxes & Other Charges		287,801	287,801	287,801	287,801	287,801
Increase in Bad Debt Provision		600,000	650,000	650,000	650,000	650,000
Total Expenditure		**27,091,136**	**26,399,975**	**26,546,660**	**26,223,356**	**26,585,064**
Continuation Budget		**(25,641,705)**	**(25,444,527)**	**(25,424,172)**	**(25,348,588)**	**(25,594,334)**
Medium Term Planning Options		**0**	**0**	**0**	**0**	**0**
Net Recharges from the General Fund		2,744,907	2,644,907	2,524,907	2,524,907	2,524,907
Interest & Financing Costs						
- Interest on balances		(90,000)	(75,000)	(150,000)	(225,000)	(300,000)
- Mortgage interest		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
- Internal Borrowing (Over funded CFR)		(5,780)	(3,650)	(2,380)	73,880	137,590
- Interest Fixed Rate		6,530,370	6,730,865	6,781,510	6,846,430	6,804,820
RCCO		8,671,900	0	4,789,000	4,435,000	7,096,800
Depreciation/MRA		13,430,000	13,982,000	14,234,000	14,489,000	14,489,000
Contribution to / (from) Reserves		(5,638,692)	2,166,406	(2,751,865)	(2,794,629)	(5,157,783)
Remaining Deficit / (Surplus)		**0**	**0**	**0**	**0**	**0**

Notes

(1) Rent decrease based on Government policy -1% for 4 years from 16-17, then 2% CPI estimated increase from 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	14,708
General Management	6,795
Special Services	4,700
Less NBC Retained Budgets	(497)
NPH Budget as per Appendix 5	**25,706**

Appendix 2

Proposed Capital Programme 2017-18 to 2021-22 - HRA

	2017-18 £	2018-19 £	2019-20 £	2020-21 £	2021-22 £	Total £
- CCTV	20,000	Detail included after review of Asset Management Plan and HRA Business Plan				
- Northfield Road	366,500					
- Farmfield Court	366,451					
- Spring Boroughs - Blocks	2,053,900					
- Kingsheath – Blocks	4,662,750					
External Improvements	7,469,601	3,026,600	6,404,800	9,851,500	11,536,300	**38,288,801**
- Void - Internal Works	800,000	Detail included after review of Asset Management Plan and HRA Business Plan				
- Electrical	250,000					
- Heating	250,000					
- Component Works	3,000,000					
Internal Works	4,300,000	4,100,000	4,100,000	4,100,000	4,100,000	**20,700,000**
Energy Works	0	2,130,000	0	0	0	**2,130,000**
- Lower Bath Street	1,236,935	Detail included after review of Asset Management Plan and HRA Business Plan				
- Althorpe Street	92,700					
- St Katherine House	673,609					
- Lake View House	3,000,000					
- Little Cross Street	1,788,440					
- Toms Close	1,300,000					
Major Projects	8,091,684	7,519,000	4,488,000	1,500,000	1,500,000	**23,098,684**
Environmental Improvements	1,775,204	2,099,300	2,098,500	2,089,800	2,113,800	**10,176,604**
- Fire Risk Works	300,000	Detail included after review of Asset Management Plan and HRA Business Plan				
- Structural Repairs	250,000					
Structural Works and Compliance	550,000	500,000	450,000	450,000	450,000	**2,400,000**
Diabled Adaptations	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	**6,500,000**
IT Development	500,000	500,000	500,000	500,000	500,000	**2,500,000**
New Build / Buybacks / 141 Receipts	11,028,000	2,000,000	3,766,700	3,766,700	3,766,700	**24,328,100**
Total	**35,014,489**	**23,174,900**	**23,108,000**	**23,558,000**	**25,266,800**	**130,122,189**

SPLIT:						
Improvements to Homes	21,711,285	18,575,600	16,742,800	17,201,500	18,886,300	93,117,485
IT Development	500,000	500,000	500,000	500,000	500,000	2,500,000
Improvements to Environment	1,775,204	2,099,300	2,098,500	2,089,800	2,113,800	10,176,604
Total NPH	**23,986,489**	**21,174,900**	**19,341,300**	**19,791,300**	**21,500,100**	**105,794,089**
NBC Retained (New Build and Buy Backs)	11,028,000	2,000,000	3,766,700	3,766,700	3,766,700	24,328,100
Total Capital Programme	**35,014,489**	**23,174,900**	**23,108,000**	**23,558,000**	**25,266,800**	**130,122,189**

FINANCING:						
Major Repairs Reserve/Depreciation	13,437,000	14,013,000	14,319,000	14,535,000	14,670,000	70,974,000
Capital Receipts - Right to Buy (excl 1-4-1)	1,569,000	2,099,000	2,000,000	1,700,000	1,500,000	8,868,000
Capital Receipts - RTB 1-4-1 Receipts	3,107,000	2,000,000	2,000,000	2,000,000	2,000,000	11,107,000
Revenue/Earmarked Reserve	8,671,489	0	4,789,000	4,435,000	7,096,800	24,992,289
Borrowing	0	5,062,900	0	888,000	0	5,950,900
Section 106 - New Build	630,000	0	0	0	0	630,000
Additional Borrowing Cap re New Build	7,600,000	0	0	0	0	7,600,000
Total Financing - HRA	**35,014,489**	**23,174,900**	**23,108,000**	**23,558,000**	**25,266,800**	**130,122,189**

Appendix 3

SCHEDULE OF SERVICE CHARGES 2017/18

SERVICE CHARGES (48 week Basis)		PRESENT	PROPOSED
		£	£
Garages		8.90	8.99
(+VAT in some cases)			
Commuter Surcharge on Garages		14.14	14.28
(+VAT in some cases)			
Communal Heating		10.25	10.56
Sheltered Charges			
- Level 1 Low		5.95	6.01
- Level 2 Medium		12.90	13.03
- Level 3 High		18.94	19.13
Brookside Meadows New Build - Service Charges			
- Tarmac and Block Paving		3.72	3.76
- Electric Gates		1.04	1.05
CCTV		3.66	3.70
Grounds Maintenance		2.00	2.02
Non- Standard Service Charges			
Electricity Communal	**Low**	0.11	0.11
	High	6.70	6.77
Estate Services - Cleaning and Caretaking			
	- Service Level 1	0.37	0.38
	- Service Level 2	0.91	0.92
	- Service Level 3	1.13	1.14
	- Service Level 4	1.50	1.52
	- Service Level 5	2.26	2.28
	- Service Level 6	3.39	3.42
	- Service Level 7	4.51	4.55
	- Service Level 8	4.51	4.55

Appendix 4

DRAFT Schedule 5 - NPH Management Fee

Housing Management & Maintenance(HRA)		NPH 2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
		£	£	£	£	£
Total	Repairs & Maintenance	12,454,763	12,050,486	12,130,498	11,954,147	12,151,446
Total	General Management	5,354,664	5,118,845	5,165,516	5,062,649	5,177,735
Total	Special Services	3,912,642	3,811,577	3,831,579	3,787,493	3,836,816
Total	Recharges	3,983,860	3,983,860	3,983,860	3,983,860	3,983,860
TOTAL HRA		**25,705,929**	**24,964,768**	**25,111,453**	**24,788,149**	**25,149,857**
Housing General Fund						
Total	Travellers Site	180,330	180,330	180,330	180,330	180,330
Total	Home Choice & Resettlement	80,000	80,000	80,000	80,000	80,000
TOTAL GF HOUSING		**260,330**	**260,330**	**260,330**	**260,330**	**260,330**
TOTAL REVENUE		**25,966,260**	**25,225,098**	**25,371,784**	**25,048,480**	**25,410,188**
HRA Capital Programme		23,986,489	21,174,900	19,341,300	19,791,300	21,500,100
GRAND TOTAL		**49,952,749**	**46,399,998**	**44,713,084**	**44,839,780**	**46,910,288**

Analysed by	2017/18	2018/19	2019/20	2020/21	2021/22
Management - HRA (including Special Services)	13,251,166	12,914,281	12,980,955	12,834,002	12,998,411
Management - GF Housing	260,330	260,330	260,330	260,330	260,330
Maintenance - Managed Budget Responsive	9,590,168	9,278,874	9,340,483	9,204,693	9,356,613
Maintenance - Managed Budget Cyclical	2,864,596	2,771,612	2,790,014	2,749,454	2,794,833
Capital - Managed Budget Improvement to Homes	21,711,285	18,575,600	16,742,800	17,201,500	18,886,300
Capital - Managed Budget Improvement to Environment	1,775,204	2,099,300	2,098,500	2,089,800	2,113,800
Capital - Managed Budget ICT	500,000	500,000	500,000	500,000	500,000
Total	**49,952,749**	**46,399,998**	**44,713,084**	**44,839,780**	**46,910,288**

Notes:

(*) Recharges comprise approximately £2.1m from LGSS and £1.8m from the General Fund

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

Estimated figures for future years are shown in real terms excluding inflation.

Capital programme 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

Rent Review 2017/18 - Tenant Consultation

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

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

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

Both panels are open to all tenants.

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

The discussion at the Rents SIP was undertaken on the 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.

There was no additional consultation session for this years rent review, the rent setting is set out in the Welfare Reform and Work Act 2016 for the 4 year period , 2017/18 being the second year of four.

Appendices
3

COUNCIL
27 February 2017

Agenda Status: PUBLIC **Directorate:** Management Board

Report Title	**Council Tax Resolution 2017/18**

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 £5.00 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 2017/18 are detailed in **Appendix C** and total £1,076,092. The average Band D Council Tax for Parish Councils has increased by 0.9% and results in an average Band D Council Tax figure of £16.38 for 2017/18.

3.1.4 Northamptonshire County Council meets on the 23rd of February 2017 and is putting forward for approval their precept at £76,655,801. This results in a Band D Council Tax of £1,166.59.

3.1.5 The Northamptonshire Police and Crime Commissioner has approved their precept at £13,735,870. This results in a Band D Council Tax of £209.04.

3.1.6 The budget requirement for council tax setting purposes is £15,066,013.

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 23rd February 2017. 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:

	2016/17	**2017/18**	**Increase / (decrease)**		**%**
	£	**£**	**£ Per Annum**	**£ Per Week**	**Increase/ (decrease)**
Northampton BC	207.91	212.91	5.00	0.10	2.40%
Northamptonshire Police and Crime Commissioner	204.96	209.04	4.08	0.08	1.99%
Northamptonshire County Council	1,111.25	1,166.59	55.34	1.06	4.98%
Sub Total	**1,524.12**	**1,588.54**	**64.42**	**1.24**	**4.23%**
Parish Precepts (Average)	16.23	16.38	0.14	0.00	0.88%
Total	**1,540.35**	**1,604.91**	**64.56**	**1.24**	**4.19%**

3.1.9 During 2016/17 the special expenses methodology was reviewed leading to the figures used in the calculation being updated, which had not been done for a few years previously. This has led to a change in the split between the basic level of council tax and the special expenses element – this has no overall impact on the £5 increase in Northampton Borough Council's tax as the £5 increase is the average increase in special expenses and basic tax combined. The 2016/17 split has been rebased in line with this to ensure that we are comparing like with like for the percentage increases shown on the council tax demands.

3.1.10 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.

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 increase, and also consulted on its Council Tax Reduction Scheme. In addition, parishes and major preceptors have provided the information for their organisations for inclusion in the calculations.

4.6 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

Appendix A

Council Tax Resolution 2017/18

Northampton Borough Council (hereinafter referred to as "the Council" in this resolution) calculated the following amounts for the year 2017/2018 in accordance with various regulations and RESOLVES for the financial year 2017/2018 to:

1 Note that on 30/012017 the Council calculated the Council Tax Base 2017/18:

a)	for the whole council area as:	65,709	(Item T in the formula in section 31B of the Local Government Finance Act 1992, as amended)
b)	for the parish precept area as:	21,238	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 2017/18 (including parish precepts) at £15,066,013.

		£
a)	Net Expenditure on Council Services including formula grant	13,989,921
b)	Parish Council Precepts	1,076,092
c)	Total Council Tax Requirement	15,066,013

3 Set the following amounts in accordance with sections 31 to 36 of the Local Government Finance Act 1992:

a)	Relevant Gross Expenditure	119,132,390	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	(104,066,377)	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	15,066,013	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	229.28	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	1,696,760	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	203.46	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 2017/18 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 2017/18 (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

Appendix B

Schedules

Schedule A

	(1)	(2)	(3)	(4)	(5)
	Council Tax Base	**Parish Precept and Special Expenses**	**Parish Precept and Special Expenses Charge**	**Basic Amount of Council Tax excluding Special Expenses**	**Basic Amount of Council Tax including Special Expenses**
		£	**£**	**£**	**£**
Area:					
Billing	2,679	178,210	66.53	203.46	269.99
Collingtree	514	20,178	39.28	203.46	242.74
Duston	5,472	473,275	86.49	203.46	289.95
Great Houghton	288	20,706	71.84	203.46	275.30
Hardingstone	795	41,771	52.51	203.46	255.97
Upton	2,993	32,400	10.82	203.46	214.28
Wootton	2,941	181,147	61.60	203.46	265.06
East Hunsbury	3,409	208,098	61.04	203.46	264.50
Hunsbury Meadows	501	14,695	29.31	203.46	232.77
West Hunsbury	1,646	24,626	14.96	203.46	218.42
Unparished Area	44,471	501,654	11.28	203.46	214.74
	65,709	1,696,760			

Schedule B — **Basic Amount of Council Tax for each Council Tax band**

Valuation Bands	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Area:								
Billing	179.99	209.99	239.99	269.99	329.99	389.99	449.98	539.98
Collingtree	161.83	188.80	215.77	242.74	296.68	350.63	404.57	485.48
Duston	193.30	225.52	257.73	289.95	354.38	418.82	483.25	579.90
Great Houghton	183.53	214.12	244.71	275.30	336.48	397.66	458.83	550.60
Hardingstone	170.65	199.09	227.53	255.97	312.85	369.74	426.62	511.94
Upton	142.85	166.66	190.47	214.28	261.90	309.52	357.13	428.56
Wootton	176.71	206.16	235.61	265.06	323.96	382.87	441.77	530.12
East Hunsbury	176.33	205.72	235.11	264.50	323.28	382.06	440.83	529.00
Hunsbury Meadows	155.18	181.04	206.91	232.77	284.50	336.22	387.95	465.54
West Hunsbury	145.61	169.88	194.15	218.42	266.96	315.50	364.03	436.84
Unparished Area	143.16	167.02	190.88	214.74	262.46	310.18	357.90	429.48

Schedule C — **Major Precepting Authorities Council Tax for each Council Tax band**

Valuation Bands	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Northamptonshire County Council (NCC)	741.25	864.79	988.32	1,111.87	1,358.95	1,606.03	1,853.12	2,223.74
NCC Adult Social Care Precept	36.48	42.56	48.65	54.72	66.88	79.04	91.20	109.44
Northamptonshire Police and Crime Commissioner	139.36	162.59	185.81	209.04	255.49	301.95	348.40	418.08

Schedule D — **Aggregate Council Tax for each Council Tax band**

Valuation Bands	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
	£	**£**	**£**	**£**	**£**	**£**	**£**	**£**
Area:								
Billing	1,097.08	1,279.93	1,462.77	1,645.62	2,011.31	2,377.01	2,742.70	3,291.24
Collingtree	1,078.92	1,258.74	1,438.55	1,618.37	1,978.00	2,337.65	2,697.29	3,236.74
Duston	1,110.39	1,295.46	1,480.51	1,665.58	2,035.70	2,405.84	2,775.97	3,331.16
Great Houghton	1,100.62	1,284.06	1,467.49	1,650.93	2,017.80	2,384.68	2,751.55	3,301.86
Hardingstone	1,087.74	1,269.03	1,450.31	1,631.60	1,994.17	2,356.76	2,719.34	3,263.20
Upton	1,059.94	1,236.60	1,413.25	1,589.91	1,943.22	2,296.54	2,649.85	3,179.82
Wootton	1,093.80	1,276.10	1,458.39	1,640.69	2,005.28	2,369.89	2,734.49	3,281.38
East Hunsbury	1,093.42	1,275.66	1,457.89	1,640.13	2,004.60	2,369.08	2,733.55	3,280.26
Hunsbury Meadows	1,072.27	1,250.98	1,429.69	1,608.40	1,965.82	2,323.24	2,680.67	3,216.80
West Hunsbury	1,062.70	1,239.82	1,416.93	1,594.05	1,948.28	2,302.52	2,656.75	3,188.10
Unparished Area	1,060.25	1,236.96	1,413.66	1,590.37	1,943.78	2,297.20	2,650.62	3,180.74

Appendix C

Parish & Town Council Precepts

	2016/17			2017/18			
	Tax Base	**Precepts £**	**Council Tax Band D (£)**	**Tax Base**	**Precepts £**	**Council Tax Band D (£)**	**Council Tax Increase**
Billing	2,627	147,164	56.02	2,679	152,314	56.86	1.5%
Collingtree	514	18,140	35.29	514	20,178	39.28	11.3%
Duston	5,448	443,101	81.34	5,472	451,719	82.55	1.5%
Great Houghton	288	20,770	72.24	288	20,706	71.84	-0.6%
Hardingstone	782	41,401	52.92	795	40,000	50.29	-5.0%
Upton	2,617	32,400	12.38	2,993	32,400	10.82	-12.6%
Wootton	2,927	169,150	57.78	2,941	171,180	58.21	0.7%
East Hunsbury	3,412	157,900	46.28	3,409	157,900	46.32	0.1%
Hunsbury Meadows	505	14,695	29.08	501	14,695	29.31	0.8%
West Hunsbury	1,625	0	0.00	1,646	15,000	9.11	n/a

Parish & Town Council Precepts including Special Expenses

	Precepts Band D (£)	**Special Expenses Band D (£)**	**Total (£)**
Billing	56.86	9.67	66.53
Collingtree	39.28	0.00	39.28
Duston	82.55	3.94	86.49
Great Houghton	71.84	0.00	71.84
Hardingstone	50.29	2.22	52.51
Upton	10.82	0.00	10.82
Wootton	58.21	3.39	61.60
East Hunsbury	46.32	14.72	61.04
Hunsbury Meadows	29.31	0.00	29.31
West Hunsbury	9.11	5.85	14.96
Unparished	0.00	11.28	11.28