

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

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

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

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