

Key Medium Term Financial Issues 2016/17 – 2020/21 Onwards

Ref	Issue	National Issues/Implications	Effect on Northampton Borough Council
1	Economic Climate	Ongoing Global Economic instability since October 2008 is expected to last several more years, with continuing austerity measures as a result.	Significant uncertainty in relation to key income streams, such as investment income, planning income, and building control income, as well as future prices, in cost areas where markets and inflation rates are unstable.
2	Welfare Reform	Linked to Local Government Finance Review – impacts on benefit claimants	<p>Wide range of risks including impact of council tax benefit reforms and impacts on housing benefits for customers - particularly in the current economic climate. The localisation of Council Tax Benefit may have a significant financial impact on the authority.</p> <p>The implementation of welfare reform may have a detrimental impact on the Council as a landlord. If there are impacts on the Council relating to the non-payment of rent (either through the direct payment of rent rebates or through other changes which reduce the levels of revenue available to customers) this will have an impact on the HRA budgets and an on-going impact on the HRA business plan.</p>
3	Formula Funding and Planning of budgets to match Council's projected funding	2016/17 and next three years' settlement are challenging for district authorities, with ongoing financial implications for both services and council tax levels. The Government has made clear that savings will need to continue at a similar level until at least the end of the decade,.	Challenging settlements materially reducing funding. Through medium term planning processes NBC must examine its net expenditure to meet the limitations of its funding.
4	Medium Term Planning	National push for better financial planning	Continued development, especially integration of policies, performance, and cost.
5	Growth	Localism Bill has delayed the Joint Core Strategy progress but housing growth will still be promoted to meet local needs. New timetable agreed. Regeneration impacted by economic climate but with the Enterprise Zone and town centre schemes Northampton's future optimistic. National funding required.	Infrastructure costs exceed resources, but local investment is maintaining momentum. Need to link in with regional and national efforts and secure new ways of funding with partners.

6	Asset Management Improvements and Asset Disposals	Ties in with ensuring best Value for Money is delivered	Improvements to planning and management of the Council's assets (property and non-property) and planned capital receipts
7	Risks and Reserves	Recognising the financial risks of the potential local government financial and service position, while managing the fact that the Government has indicated a desire to reduce levels of reserves held in the public sector.	Ongoing and continuous review of both earmarked reserves and general balances.
8	Major Projects	Constrained local government finance requiring major projects to review delivery method. The Enterprise Zone will raise profile and provide opportunity for greater investment.	Considering full implications of new funding sources before uptake. Strong financial governance. Ensuring that spend to save funds together with prudential borrowing are available to enable such projects to be progressed. Failure to invest will damage future growth prospects.
9	Localisation of Funding – Business Rates Retention	The Retained Business Rates Scheme implemented for local government funding from 2013/14 has seen a significant transfer of business rates collection and retention risk transfer from the previous central government pool to local authorities. Move towards 100% local retention, details awaited.	Additional funding risks (e.g. from appeals, development, displacement, etc.) falling on local authorities as an inherent part of the changes around retention of business rates in particular will need to be monitored. This risk is partly mitigated through recognition in the risk assessment of reserves.
10	The Level and Pace of Change within the Council	Northampton Borough Council continues to experience an unprecedented level and speed of change, which brings with it a variety of inherent risks including financial risks, legal risks, and risks to robust governance, amongst others.	Giving consideration to all risks and governance requirements for day to day service delivery as well as project work. Planning this into processes and project plans and monitoring the current status. Need to keep sight of the importance of good governance and take full account of risks while moving forward with change.