

Appendix A

Northamptonshire Compliance with the 7 Key CIPFA Principles to assess the adequacy of reserves

Budget Assumptions (CIPFA Principles)	2019/20 Situation in Northamptonshire
The treatment of inflation and interest rates	<p>NCFRA makes full and appropriate provision for pay and price increases, informed by benchmarking with peers.</p> <p>An informed assessment is made in the Treasury Management Strategy of interest rate movements.</p> <p>All income and expenditure in the budget is prepared and published at outturn prices.</p>
Estimates of the level and timing of capital receipts	<p>NCFRA will be undertaking a review of its estates strategy as a fundamental part of the capital programme and has made a prudent assumption of future capital receipts.</p>
The treatment of demand led pressures	<p>NCFRA is required to operate and manage within its annual budget allocation.</p> <p>All budgets except Firefighters are devolved and managed by trained budget holders.</p> <p>On an exceptional basis, once a stable position has been established for reserves, agreement may be sought from the PFCC to utilise carry forwards to</p>

	<p>meet one off demand led pressures. Additionally, demand led pressures are scrutinised and built into the budget set by the PFCC.</p> <p>NCFRA have historically identified savings over the years to manage within a cash limited budget provided by NCC. However, depending on funding availability, the PFCC will support investment in areas that reduce demand or which increase efficiency/capacity to deal with demand.</p> <p>General reserves are used as a last resort to manage and fund demand led pressures.</p>
<p>The treatment of Planned Efficiency Savings/Productivity Gains</p>	<p>NCFRA has met all financial savings and challenges required by NCC in previous years.</p> <p>Any identified savings and efficiencies from service or governance transfers will be monitored and reviewed regularly by the service.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments.</p>	<p>The financial consequences of partnership collaboration working, outsourcing arrangements or capital investment will be reported to the PFCC as part of the medium term planning process. Where relevant, any additional costs are incorporated into the annual revenue budget and/or capital programme.</p> <p>The budget report highlights the risk that partners will withdraw funding as their own budgets are squeezed, or that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>

<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>As NCFRA will be building up appropriate reserves from a zero base to build a stable range earmarked reserves and provisions to meet specific expenditure items. Their use and forecast balances as at 31/3/19 are detailed in the attached appendix.</p> <p>NCFRA will maintain an insurance provision, the adequacy of which will be monitored in detail by the legal services insurance advisors, together with our insurance advisors.</p> <p>The intention is to build a general reserve for NCFRA which will provide sufficient scope to cover any major unforeseen circumstances.</p>
<p>The general financial climate to which the Authority is subject</p>	<p>It is anticipated that the financial climate will be challenging and the medium term financial plan will reflect the “best estimate” of future inflation rates and increases in government grants and contributions.</p>