



ADVISORY NOTICE

SECTION 29 AND SCHEDULE 8 TO THE LOCAL AUDIT AND ACCOUNTABILITY ACT 2014

Introduction

This advisory notice is issued by KPMG LLP (“KPMG”), the auditor appointed to audit the accounts of Northamptonshire County Council (“the Authority”). KPMG hereby gives notice to the Authority in accordance with Section 29 and Schedule 8 to the Local Audit and Accountability Act 2014 on the basis that the Authority have begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, further to paragraph 1(1)(b) of Schedule 8.

KPMG is mindful in this regard of its responsibility to come to a conclusion on the Authority’s arrangements for securing value for money in the use of its resources for the financial year ending 31st March 2018. The Authority’s arrangements include making properly informed decisions and sustainable resource deployment and therefore the need to consider appropriately the deliverability and achievability of the budget that it sets for the financial year 2018/19.

Legal effect of notice

The Authority may not lawfully continue with the course of action set out below until it has considered this Advisory Notice, the Statement of Reasons and the consequences of continuing with this course of action. If it intends so to continue it may not do so until it has written to KPMG to this effect and the specified period has expired.

Setting of budget/precept

The course of action is the Authority’s decision-making process for setting a budget for 2018/19, and its precept for 2018/19.

The Authority is proceeding on the basis of the paper entitled “Final Budget 2018-19 and Medium Term Plan to 2021-22”, which was put to, and recommended by Cabinet on 13th February 2018 (and/or the calculations and estimates set out therein). It is our view that, considering, in particular:

- a) the expenditure which the Authority intends to treat as capital expenditure for 2018/19 pursuant to the Direction made by the Secretary of State for Housing, Communities and Local Government on 6th February 2018 regarding the continuation of the capital receipts flexibility programme; and

b) the Authority's reliance upon this flexibility for the financial outcomes for years 2016/17 and 2017/18,

the Authority's estimate of the expenditure which it will incur in 2018/19 in performing its functions and is chargeable to a revenue account in accordance with proper practices, is or will be unlawful and will give rise to an unlawful decision as to the Authority's council tax requirement for 2018/19 under Section 42A(4) of the Local Government Finance Act 1992.

Notice period

This notice takes effect on the date on which it is served on you. If the Authority intends to continue with the course of action set out above the Authority is required to give KPMG not less than four days' notice in writing before doing so ("the specified period").

KPMG LLP

KPMG LLP, the appointed auditor to Northamptonshire County Council

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20th February 2018