

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
24 January 2012

Subject: COUNCIL TAX 2012/13

**All Wards
Scrutiny Committees
Cabinet Member for Corporate Management: Councillor R Kirk**

1.0 PURPOSE AND BACKGROUND:

- 1.1 This report considers, for 2012/13, the level of Council Tax, the Prudential Indicators, the Policy on Balances and Reserves, and a Statement of Pay Policy.
- 1.2 Detailed budget proposals are contained in a separate report on the agenda and this report assumes that the budgets have been approved in the sum of £7,995,790 for 2012/13.
- 1.3 The current approved financial strategy (December 2011) assumes a Council Tax increase of 2.5%. However, the Government have announced a scheme for a second year of Council Tax freeze for those Councils that set a Council Tax which is not higher than their 2011/12 Council Tax level. This is discussed further in Annex A and a letter from the Department for Communities and Local Government dated 14 November 2011 giving details of the scheme is attached as Annex B.
- 1.4 The statutory consultation with ratepayers is to be held on 17 January 2012. Any comments received that need to be considered as part of the budget process will be reported verbally to Cabinet.
- 1.5 Attached at Annex C are the Prudential Code Indicators which Members must consider as part of the Council Tax setting procedures.
- 1.6 In addition good practice suggests Members should set a policy on Balances and Reserves and this is contained in Annex D.
- 1.7 Sections 38-43 of the Localism Act 2011 require that before the beginning of each financial year the Council produces a policy statement that covers a number of matters concerning the pay of the Council's staff, principally Chief Officers. The policy should be approved by full Council and is contained at Annex E.

2.0 DECISION SOUGHT:

- 2.1 Members are asked to decide on the level of Council Tax it wishes to recommend to Council for 2012/13 taking into account whether it wishes the Council to participate in the Government's Council Tax freeze proposals. Members are also asked to approve the Prudential Code Indicators in Annex C and the Policy on Balances and Reserves in Annex D and the Policy Statement on Pay at Annex E.

3.0 RISK MANAGEMENT:

- 3.1 There are no major risks associated with the recommendations in this report. A more detailed risk assessment concerning the setting of next year's Council Tax is contained in section 3 of Annex A.

4.0 **RECOMMENDATIONS:**

4.1 It is recommended that:

- 1) Members determine what level of Council Tax for District Council purposes they wish to recommend to Council thereby determining whether the Council will participate in the Government's Council Tax freeze scheme for 2012/13;
- 2) the appropriate amount be taken from the Council Taxpayers Reserve to support the decision at 1) above;
- 3) The Council sets the final overall Council Tax incorporating the requirements of all precepting authorities;
- 4) The Prudential Code Indicators identified in Annex C are approved and that the indicators confirm that the expenditure and treasury management decisions are affordable, prudent and sustainable;
- 5) Members recognise the risk issues identified in this report;
- 6) The Policy on Balances and Reserves at Annex D is approved; and
- 7) The Policy Statement on Pay at Annex E is approved.

PETER SIMPSON / PHILLIP MORTON

Background papers: None

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LEVEL OF COUNCIL TAX 2012/13

1.0 INTRODUCTION AND BACKGROUND:

1.1 This paper considers the level of Council Tax for 2012/13 in the light of the revenue estimate proposals and financial strategy, as well as the Government's Formula Grant settlement and proposals for a second year of Council Tax freeze.

2.0 REVENUE ESTIMATE PROPOSALS FOR 2012/13 AND THE FINANCIAL STRATEGY:

Revenue Estimate Proposals

2.1 The draft revenue estimate proposals for 2012/13 appear elsewhere on the agenda. The proposals are that the revenue estimates total a net of £7,995,790 as detailed in the table below. This paper assumes that this figure is approved.

Theme	2012/13 Budget £
Customer Services	3,616,400
Housing & Planning	847,910
Leisure & Health	1,025,470
Partnerships	758,340
Corporate Management	1,673,050
	7,921,170
Drainage Boards	74,620
Net Expenditure	7,995,790

Financial Strategy

2.2 Cabinet has also recently (December 2011) approved the revised 10 year financial strategy. The strategy allows for an affordable budget of £7,995,790 and therefore the revenue estimate proposals are in line with the strategy and will allow Council to set a balanced budget.

3.0 FORMULA GRANT SETTLEMENT FOR 2012/13 AND COUNCIL TAX FREEZE PROPOSALS:

Formula Grant

3.1 The Government made its long awaited Comprehensive Spending Review (CSR) announcement covering the 4 year period 2011/12 to 2014/15 on 20 October 2010. Following on from the announcement details for 2011/12 were released along with provisional figures for 2012/13. The CSR settlement headlines were for a 28% reduction in grant at the national level over the 4 year period. Members are reminded that the figures for Hambleton were much worse with a 28.59% reduction in the first 2 years with prospects for further reductions to come.

2.2 The figures are shown in the table below:-

DECREASES FOR HAMBLETON				
	<u>2010/11</u>	<u>2011/12</u>	<u>Provisional</u> <u>2012/13</u>	<u>Total Loss</u> <u>Since 2010/11</u>
Total Formula Grant	£5,811,177	£4,707,721	£4,149,898	
Amount of Decrease		£1,103,456	£557,823	£1,661,280
Percentage Decrease		18.99%	11.85%	28.59%

- 2.3 Although the provisional figures announced in October 2010 for 2012/13 are still provisional, they have remained the same in the recently published grant proposals which are subject to consultation. Final confirmation of the figures is expected some time in January and if different to the figures above will be reported verbally at the meeting.
- 2.4 To put things into context Members are also reminded that the original estimate proposals for 2011/12 were in the sum of £9,707,313. This is £1,711,523 above the proposals for 2012/13 and demonstrates that the Council has been very successful in coping not only with the loss of grant, but also inflation and the continued pressures on service provision.

Council Tax Freeze 2012/13

- 2.5 In October 2011 the Government announced its intention for a second year of Council Tax freeze. Details of the scheme were set out in a letter dated 14 November 2011 from the Department for Communities and Local Government (DCLG) attached at Annex B.
- 2.6 The Government have set aside nationally £805m (£675m for England) to help keep Council Tax down for a further year. In summary, the scheme will operate similarly to the current scheme in that Councils which set a Council Tax for 2012/13 at a level which is no more than its 2011/12 level of Council Tax will receive a grant equivalent to a 2½% increase (for Police and Fire & Rescue Authorities this will be 3%).
- 2.7 In the current year (2011/12) the Council kept its Council Tax at the same level as 2010/11 and accepted the Council Tax freeze grant of £80,798 (which will be received in 2012/13, and expected to be received in 2013/14 and 2014/15). Should the Council accept the 2012/13 Council Tax freeze grant it is expected to receive a similar amount. However, unlike the existing scheme, the grant will be paid for one year only.
- 2.8 In cash terms the amount on offer will largely compensate the Council for not increasing the Council Tax by 2.5% in line with the financial strategy (from £89.48 to £91.72 – an increase of £2.24 or 4.3p per week). However, from a financial point of view this should not be thought of as a “good deal” or a cost neutral scheme, as once the Council Tax base is held at £89.48 the revenue foregone is lost for ever (over the life of a 10 year strategy this would be the equivalent of approximately £810,000 which would need to be met from reserves). If the grant is accepted for 2012/13 this would be the second year of holding the Council Tax level at £89.48.
- 2.9 Members are requested to determine the level of Council Tax that they wish to recommend to Council. Should the Council decide to increase the Council Tax beyond its 2011/12 level there is the risk of further action being taken which is considered in the next section.

RISK ASSESSMENT:

- 3.1 In previous years the risk of raising Council Tax above a certain amount determined by the Government was that the level would be capped. This regime has existed for a number of years. However, the Localism Act 2011 abolished the capping regime.
- 3.2 Instead, Schedule 5 of the Localism Act introduced a new Chapter into the 1992 Local Government Finance Act, making provision for Council Tax referendums to be held if an

authority increases its Council Tax by an amount exceeding principles determined by the Secretary of State and agreed by the House of Commons. In a statement to Parliament on 8 December 2011 the Secretary of State announced his thoughts on what he would consider an excessive rise in Council Tax. The principles that he is minded to set are that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2011/12, they set Council Tax increases that exceed:-

- 4% for the Greater London Authority, police authorities, and single purpose fire and rescue authorities;
- 3.75% for the City of London; and
- 3.5% for other principal authorities

3.3 For these purposes Hambleton is classed as a principal authority. For information, local town and parish Councils are not subject to these provisions, although the Secretary of State will monitor increases and may include these Councils if necessary in the future.

3.4 In 2011/12 every Council in England and Wales kept its Council Tax level at the same (or reduced) level compared with 2010/11 and accepted the Council Tax freeze grant. It is expected, however, that a number of Councils will increase their Council Tax for 2012/13. Should the Council decide to increase its Council Tax in line with the financial strategy (2.5%) then there is a small risk that the Council may have to consult with the electorate in a referendum.

3.5 The reason why there is any risk with a 2.5% increase is that currently the Secretary of State is only "minded" to recommend the principles outlined above - they are not therefore yet determined. Should the Council decide to increase its Council Tax in line with the financial strategy then there is a small risk that the Council may have to consult with the electorate in a referendum if the principles are lowered from what is currently "minded". Clearly, the closer an increase is to 3.5% the higher the risk and anything over 3.5% will almost certainly require a referendum.

4.0 **RESERVES AND BALANCES:**

4.1 The Council has a number of choices in terms of the level of Council Tax that will be levied for 2012/13. The table below demonstrates the effect on the contribution that will need to come from the Council Taxpayers Reserve for a 0, 1.5, 2.5 and 3.0% increase. The table also demonstrates the effect of participating in the second year of Council Tax Freeze grant.

	0% Increase £	1.5% Increase	2.5% Increase £	3.0% Increase
Revenue Budget	7,995,790	7,995,790	7,995,790	7,995,790
Less:				
▪ Formula Grant	(4,149,898)	(4,149,898)	(4,149,898)	(4,149,898)
▪ Yr 1 (2011/12) C Tax Freeze Grant	(80,798)	(80,798)	(80,798)	(80,798)
▪ Yr 2 (2012/13) C Tax Freeze Grant	(81,513)	-	-	-
	3,683,581	3,765,094	3,765,094	3,765,094
Less:				
▪ Council Tax at £89.48 (0%)	(3,256,178)	-	-	-
▪ Council Tax at £90.82 (1.5%)	-	(3,304,940)	-	-
▪ Council Tax at £91.72 (2.5%)	-	-	(3,337,691)	-
▪ Council Tax at £92.16 (3.0%)	-	-	-	(3,353,702)
Add: Collection Fund Deficit 2011/12	13,264	13,264	13,264	13,264
Contribution from Reserves	440,667	473,418	440,667	424,656

4.2 Whilst the amount taken from balances for a 0% and 2.5% increase are the same (£440,667) the difference between these two options is that future increases in the level of Council Tax will come from a different base of £89.48 (0%) or £91.72 (2.5%).

5.0 **LOCAL GOVERNMENT ACT 2003:**

5.1 Section 25 of the Local Government Act 2003 requires the Council's S.151 Officer (Chief Financial Officer) to report to Members on the robustness of the estimates and the adequacy of the reserves for which the budget provides.

5.2 The estimates have been prepared by the Council's budget holders, have been subjected to challenge by the finance staff and Chief Officers and have subsequently been approved by the Strategic Management Team.

5.3 I therefore consider that the budgets included in this Council Tax setting process are robust and have been prepared in accordance with proper practices.

5.4 The reserves of the Council are outlined in Annex D to this report. I consider the level of reserves in general, and the Council Taxpayers Reserve in particular, adequate to maintain the Council's current revenue expenditure and enable its longer term objectives as set down in the Financial Strategy. Annex D sets out a policy on balances and reserves which supports my comments. The Annex also makes recommendations on the levels of balances and reserves.

6.0 **PRECEPTS AND OVERALL LEVEL OF COUNCIL TAX:**

6.1 In producing the table below it must be stressed that some assumptions have had to be made as the information is not available owing to the precepting authorities not having met at the time of writing this report. The assumption is, however, that each of the precepting authorities will accept the Governments proposals for a freeze on Council Tax. The exception to this is the average Parish Council Tax. Parishes are not currently subject to the provisions in the Localism Act relating to excessive Council Tax rises and are not part of the Governments Council Tax scheme. It is assumed therefore that their average level of increase will be 2.5%. Figures will be updated wherever possible at the meeting.

6.2 If the assumptions made in the paragraph above are correct then the 2012/13 Council Tax at band D will be:

<u>2011/12</u> £		<u>2012/13</u> £	<u>Status</u>
1,057.48	County Council	1,057.48	Assumes acceptance of Council Tax Freeze
204.55	Police Authority	204.55	Assumes acceptance of Council Tax Freeze
62.10	Fire Authority	62.10	Assumes acceptance of Council Tax Freeze
31.50	Parish Councils (Average)	32.29	Assumes 2.5% increase
89.48	Hambleton	89.48	Assumes acceptance of Council Tax Freeze
<u>1,445.11</u>		<u>1,445.90</u>	

7.0 **RATE LEVELS:**

7.1 Increases in Business Rates are set each year by Government and are based upon the RPI figure for September which stood at 5.6%. The provisional rate poundage to be applied in 2012/13 has been announced as follows:-

- Non-Domestic Rate 45.8p
- Small Business Rate 45.0p

7.2 Under Schedule 7 of the Local Government Finance Act 1988, the provisional multipliers will be confirmed after either the local government finance report for 2012/13 has been approved by Parliament or March 2012.

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14 November 2011

Dear Chief Executive/Chief Fire Officer,

COUNCIL TAX FREEZE

The Chancellor of the Exchequer announced last month that the Government intends to make funding available to help councils freeze their council tax in 2012-13. I am writing to you today to give details of the terms under which the scheme will operate. The key principles will be as follows:

1. As for 2011-12, this scheme will be voluntary, will be administered by DCLG and will apply separately to each billing and major precepting authority in England rather than to each council tax bill issued. Once again local precepting authorities, such as town and parish councils, will not be included in the scheme.
2. Funding will be supplied by DCLG to participating authorities before 31 March 2012 or very soon thereafter through an accrual of 2011-12 funds. Unlike for 2011-12, the council tax freeze grant for 2012-13 will involve a single one-off payment and this will not be built into the baseline (i.e. no further grant payments will be made over the Spending Review period).
3. We will make special provision for the Greater London Authority (GLA), the City of London and for authorities which have restructured but not yet equalized their council tax. These special cases are dealt with in paragraphs 6 to 8 respectively. Eligibility criteria for all other authorities, and the basis of grant calculation, are explained in paragraph 4 below.
4. If an authority sets its basic amount of council tax¹ for 2012-13 at a level which is no more than its basic amount of council tax for 2011-12, it will be eligible to receive a grant equivalent to an x% increase in its 2011-12 basic amount of council

¹ Subject to parliamentary approval the Government intends to implement the provisions in the Localism Bill concerning council tax for the 2012-13 financial year. Clauses 62 to 65 of the Bill change the provisions of the Local Government Finance Act 1992 which govern the calculation of council tax in England. Consequently, for the proposed grant scheme in 2012-13, 'basic amount of council tax' will mean the amount set by an authority under section 31B(1) (if the authority is a billing authority) or section 42B(1) (if the authority is a major precepting authority): but ignoring any local precepts issued to or anticipated by a billing authority.

tax *multiplied* by the authority's tax base for 2012-13 (rounded to the nearest pound) where -

- (a) For police authorities, and single purpose fire & rescue authorities, $x\% = 3\%$;
- (b) For the City of London, $x\% = 2.75\%$ (see paragraph 7 below);
- (c) For other principal authorities, $x\% = 2.5\%$.

5. The higher rate of grant being offered to police and fire and rescue authorities reflects the Government's commitment to protecting these frontline emergency services. Subject to paragraph 7 below, it is not being offered to councils which provide fire and rescue services because those services account for a very small proportion of the councils' overall budgets.

6. For the GLA, if the amount calculated by the GLA under section 89(3)² of the GLA Act 1999 for 2012-13 is no more than the same amount calculated by the GLA for 2011-12, the GLA will be eligible to receive a grant calculated in two parts (the aggregate being rounded to the nearest pound):

- (a) a 2.75% increase in the amount calculated by the Authority under section 88(2) of the GLA Act for 2011-12 *multiplied* by the tax base for the whole of the GLA's area for 2012-13;

plus

- (b) a 3.0% increase in the amount calculated under section 89(4) of the GLA Act for 2011-12 *multiplied* by the tax base for the metropolitan police district for 2012-13.

7. The offers based on 2.75% increases, at 4(b) and 6(a) above, reflect that:

- (a) approximately half of the overall expenditure of the City of London is devoted to providing police services; and
- (b) expenditure on the London Fire and Emergency Planning Authority (LFEPA) accounts for more than half the precept the GLA raises under section 88(2).

8. For a local authority which was restructured in 2009 and which calculated its basic amounts of council tax for 2011-12 under Part 4 of the Local Government (Structural Changes) (Finance) Regulations 2008 (SI 2008/3022) ('the 2008 Regulations'), if the average basic amount of council tax for the whole authority for

² Subject to parliamentary approval and the implementation of the Localism Bill, clause 65 of the Bill will amend sections 88 and 89 of the GLA Act 1999 for 2012-13.

2012-13 is no more than the same amount calculated for 2011-12³, the authority will be eligible to receive a grant equivalent to a 2.5% increase in its 2011-12 average basic amount of council tax for the whole authority *multiplied* by the authority's tax base for 2012-13 (rounded to the nearest pound).

9. Confirmation that any authority has set its basic amount of council tax for 2012-13 at a level which meets the terms of the scheme will be provided through the usual annual return⁴ made to this Department by 8 March 2012 for major precepting authorities and 18 March for billing authorities.

10. DCLG will pay a single unringfenced grant in support of the scheme to each eligible billing and major precepting authority based on the formulae described in the above paragraphs. Payments to authorities will be made before or very soon after 31 March 2012 on the basis of the grant-making powers provided by section 31 of the Local Government Act 2003.

11. The following points should be noted.

- That the arrangements for funding the 2011-12 council tax freeze⁵ are unaffected by this new offer from Government to help councils freeze their council tax in 2012-13.
- An important difference between the two schemes is that the scheme for 2012-13 will comprise a one-off payment of grant, and is payable for one year only. The scheme for 2011-12 is this year being paid out as ten monthly payments. The intention remains that authorities will receive grant in relation to the 2011-12 freeze in each of the remaining years of the Spending Review.
- For the avoidance of doubt, the "basic amount of council tax" to which I refer in this letter is the amount that will be apparent to taxpayers resulting from the normal requisite calculations of council tax. Once again it will therefore reflect as expenditure those amounts which authorities have to pay to other bodies in the form of levies – a factor which caused some debate during the introduction of the freeze for 2011-12.

³ Subject to parliamentary approval and the implementation of the Localism Bill, for the proposed grant scheme in 2012-13 'average basic amount of council tax for the whole authority' will mean the amount calculated under section 31B(1) of the Local Government Finance Act 1992, or the amount calculated under that section as modified by the 2008 Regulations (as the case may be); but in either case ignoring any local precepts issued to or anticipated by the authority. As the 2008 Regulations require that some equalization occurs each year until a single level of council tax is achieved across the whole of an authority's area, this could result in an increase in the council tax payable in some parts of the authority's area. The 2008 Regulations will require consequential amendment as a result of the implementation of the Localism Bill.

⁴ This is the current BR form which we expect to update and rename to reflect changes being introduced by the Localism Bill. See also paragraph 13 below.

⁵ The intention remains that authorities will receive grant in relation to the 2011-12 freeze in each of the remaining years of the Spending Review.

12. We have estimated the awards each authority would receive if they chose to freeze their council tax for 2012-13 based on a three year geometric mean of their tax base. These estimates will be published today on DCLG's website to assist authorities with their budget planning. Actual grants payments will, however, be based on the tax base figures included in the return mentioned in paragraph 9.

13. DCLG have started to engage with stakeholders about any changes needed to the Budget Requirement forms to reflect changes to be introduced by the Localism Bill. We will write again to chief finance officers in order to clarify how the data on which grant calculations are to be based is related to the data items set out in the revised form.

14. This new scheme offering a freeze in council tax for 2012-13 will not affect the Transition Fund. The Government has made it clear that to provide certainty in advance for local authorities, as part of the two year settlement, the Transition grant will not take account of any further changes.

15. If you require any further information regarding the contents of this letter please do not hesitate to e-mail:

counciltax.consultations@communities.gsi.gov.uk

or contact David Kelly at this address, or on telephone 0303 444 2099.

I am copying this letter to chief finance officers, the Welsh Government, the Chair of the Local Government Association, the Chair of the Association of Police Authorities, the President of the Chief Fire Officers' Association, the Chief Executive of the Chartered Institute of Public Finance and Accountancy and other representatives bodies such as those that cover parish councils.

Yours sincerely,



Mark Rickard
Divisional Manager, Council Tax
Local Government Finance

PRUDENTIAL CODE AND INDICATORS 2012/13

1.0 INTRODUCTION:

1.1 The Prudential Code plays a key role in capital finance. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by legislation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. (Part 1 of the Act relates mainly to capital expenditure and borrowing.)

2.0 OBJECTIVES:

2.1 The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable – or to demonstrate that there is a danger of not ensuring this, so that the authority can take timely remedial action. A further objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

2.2 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out a series of “Affordability” and “Prudence” indicators that must be used, and the factors that must be taken into account..

2.3 The prudential indicators required by the Code are designed to support and record local decision making. They are not designed to be comparative performance indicators and the use of them in this way would be likely to be misleading and counter productive.

3.0 AFFORDABILITY INDICATORS:

3.1 Actual Capital Expenditure and Estimates of Capital Expenditure:

3.1.2 The actual capital expenditure that was incurred in 2010/11 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

Programme	2010/11 £000 Actual	2011/12 £000 Estimate	2012/13 £000 Estimate	2013/14 £000 Estimate	2014/15 £000 Estimate
Total	1,570	3,709	2,185	569	620

3.2 Actual and Estimates of Capital Financing Requirement:

3.2.1 Estimates of the year end capital financing requirement for the current and future years and the actual capital financing requirement at 31 March 2011 are:

Programme	31/03/11 £000 Actual	31/03/12 £000 Estimate	31/03/13 £000 Estimate	31/03/14 £000 Estimate	31/03/15 £000 Estimate
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Total Capital Programme	-	-	-	-	-
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3.2.2 The capital financing requirement is the amount of capital spending that has not been financed by capital receipts, capital grants or contributions from revenue income. It therefore measures the Council's underlying need to borrow for a capital purpose.

3.2.3 The Council is a debt free authority and it is not proposed to finance any future capital expenditure by borrowing. However, the Council will always endeavour to finance its capital programme in the most economically advantageous way and will consider all options including borrowing. Should borrowing become a preferred option, a report will be brought to Members.

3.3 Actual Ratio and Estimates of the Ratio of Financing Costs to Net Revenue Stream:

3.3.1 Net Revenue Stream is defined as the amount of the Council's revenue budget met from Government grants and the local taxpayer.

3.3.2 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2009/10 are:

	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
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Percentage	N/A	N/A	N/A	N/A	N/A
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3.3.3 The estimates of financing costs include current commitments and the proposals for capital expenditure contained in the financial strategy. The Council is a debt free authority and it is not currently proposed to finance any future capital expenditure by borrowing (but see comments in paragraph 3.2.3). There are therefore no financing costs associated with this practice.

3.4 Authorised Limit for External Debt:

3.4.1 In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt. This therefore includes the limit agreed under section 45 of the Local Government Act 1989 for short term borrowing. This limit has stood at £5m since 2007/08. Although, to date, no short term borrowing has been required the need remains to invest significant sums which may be tied up for fixed term periods in order to take advantage of longer term rates. This in turn may require large sums to be borrowed on a temporary basis for cash flow purposes. It is recommended, therefore, that the limit under section 45 of the Local Government Act 1989 for short term borrowing be maintained at £5m.

3.4.2 The authorised limit for external debt separately identifies borrowing from other long term liabilities such as finance leases. The Council is asked to approve these limits. Council has previously delegated authority to the Executive Director (min CA.176 (Cabinet) and C.30 (Council), February 2004), within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the Council. Any such changes made will be reported to Council at its next meeting following the change.

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Borrowing	5,000	5,000	5,000	5,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000
Total	6,000	6,000	6,000	6,000

3.4.3 These authorised limits are consistent with the Council's current commitments, existing plans and the proposals contained in the Budget and Financial Strategy reports for capital expenditure and financing.

3.5 Operational Boundary for External Debt:

3.5.1 The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly an estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example unusual cash movements. This equates to the maximum external debt projected by this estimate. It is recommended that this limit be retained at £4m to reflect the potential for temporary borrowing outlined in paragraph 3.4.1 above.

3.5.2 Within the operational boundary, figures for borrowing and other long term liabilities are separately identified. The Council has previously delegated authority to the Director of Resources (min CA.176 (Cabinet) and C.30 (Council), February 2004), within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes made will be reported to Council at its next meeting following the change

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Borrowing	4,000	4,000	4,000	4,000
Other Long Term Liabilities	600	600	600	600
Total	4,600	4,600	4,600	4,600

3.6 Actual External Debt:

3.6.1 The Council's actual external debt at 31 March 2011 was £nil, comprising £nil Borrowing and £nil Other Long Term Liabilities. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.

3.6.2 In taking its decisions on this report, the Council is asked to note that the authorised limit determined for 2012/13 will be the statutory limit determined under section 3 (1) of the Local Government Act 2003. This relates to the duty of each authority to determine the amount of money it can afford to borrow.

3.7 Estimates of the Incremental Impact of Capital Investment Decisions on the Council Tax:

3.7.1 The indicator measures the revenue cost (in financing terms) of capital investment decisions. This normally means the cost of borrowing or, where capital receipts are used, the loss of investment interest on those receipts.

2012/13	2013/14	2014/15
£3.87	£5.28	£7.62

3.7.2 In the Council's case the capital programme is financed from capital receipts. However, Members should note that the interest lost through this financing decision is not borne by the Council Taxpayer, but merely reduces the amount of interest earned transferred to the Council Taxpayers Reserve.

4.0 PRUDENCE INDICATORS:

4.1 Code of Practice for Treasury Management:

4.1.2 It is confirmed that the Council has adopted the CIPFA Code of Practice for Treasury Management.

4.2 Net Borrowing and the Capital Financing Requirement:

4.2.1 The Prudential Code states: *"In order to ensure that over the medium term net borrowing will only be for capital purposes, the authority should ensure that net external borrowing 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 next two years."*

4.2.2 The Council had no difficulty in meeting this requirement in 2010/11, nor are any difficulties envisaged for the current or future years. This view is taken because it is not currently intended to enter into any external borrowing in the foreseeable future. This view also takes into account current commitments, existing plans and the proposals in the Budget and Financial Strategy reports.

4.3 The Upper Limit on Fixed Rate Exposures

4.3.1 This indicator represents the maximum amount that the Council would borrow at fixed rates. It is recommended that the Council maintains an upper limit on its fixed interest rate exposures for 2012/13, 2013/14 and 2014/15 of £5m. This is in line with the Authorised Limit for External Debt above.

4.3.2 It should be noted, however, that the Council invests (i.e. lends) its money in fixed rate instruments. The Prudential Code does not require a "lower" limit to be set, but it is felt that the Council should set its own to reflect this possible significant exposure. It is recommended that the Council set a lower limit on its fixed interest rate exposures as shown in the table below. The figures represent the maximum amount that the Council would invest (or lend) in fixed rate instruments and is shown as a negative figure to differentiate with borrowings (which would be shown as a positive figure).

	2012/13 £m	2013/14 £m	2014/15 £m
Lower Fixed Rate Investment Exposure	- 41.5	- 40.75	- 40.65

4.4 The Upper Limit on Variable Rate Exposures

4.4.1 This indicator represents the maximum amount that the Council would borrow at variable interest rates. It is recommended that the Council set an upper limit on its variable interest rate exposures for 2012/13, 2013/14 and 2014/15 of £nil to reflect the expectation that if the Council does need to borrow it will do so at fixed rather than variable rates.

4.4.2 The Prudential Code does not require a “lower” limit to be set, but in the past such a rate has been set to reflect the significant exposure that came with the investment in variable rate instruments that the Council’s external Fund Manager was allowed to deal in. All funds are invested by the in-house team who only invest in fixed term deposits. It is suggested therefore that the Council determines a “lower” limit of £nil to reflect current policy. Should it be felt that the in-house team is required to deal in variable rate investments, then a report will be brought to Cabinet with a view to altering this voluntary “lower” limit.

	2012/13 £m	2013/14 £m	2014/15 £m
Lower Variable Rate Investment Exposure	- 0.0	- 0.0	- 0.0

4.5 The Upper and Lower Limits for the Maturity Structure of Borrowing

4.5.1 It is recommended that the Council set upper and lower limits for the maturity structure of its borrowings. This is the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper Limit	Lower Limit
Under 12 months	100%	100%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

4.6 Prudential Limits for Principal Sums invested for Periods Longer than 364 Days

4.6.1 There are no proposals for the Council to invest sums for periods longer than 364 days. However, from time to time the Council may be able to take advantage of the higher rates that can be possible for longer term investments. In order to provide flexibility it is recommended that the following maximum amounts held at any time for longer than 364 days be as follows:

2012/13	2013/14	2014/15
£12.5m	£11.5m	£11m

4.6.2 These amounts represent just less than half of the internal core fund investments.

POLICY ON BALANCES AND RESERVES

1.0 BACKGROUND:

- 1.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to Members on the robustness of the estimates and the adequacy of the reserves for which the budget provides.
- 1.2 The purpose of this Annex is to:
- support the statement required to conform to Section 25
 - confirm the use of the Council's balances and reserves, and
 - re-affirm the Council's policy on the level of balances and reserves
- 1.3 The Council currently maintains a number of balances and reserves, each of which has a purpose approved by Members. Each of the balances and reserves will be considered in turn later in this Annex.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) considers that a case for introducing a statutory minimum level of reserves, even in exceptional circumstances has not been made. The Institute believes that Local Authorities, on the advice of their finance directors, should make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary and there is a broad range within which authorities might reasonably operate depending on their particular circumstances.
- 1.5 There is no definitive guidance as to the minimum level of balances or reserves, either as an absolute amount or as a proportion of expenditure, since each local authority is independent, operates in a unique local environment and the decision is one of a number of inter-related decisions taken as part of its financial strategy. Section 32 of the Local Government Act 1992 requires billing authorities (such as Hambleton) to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Budgets are based upon forecasts of pay and price inflation, changes in interest rates, and the demand for and levels of service to be provided. The purpose of balances and reserves is to provide for unexpected changes from these forecasts and to provide for the financing of some expenditure. Consequently the provision of an appropriate level of balances and reserves is a fundamental part of prudent financial management over the medium term.

2.0 BALANCES AND RESERVES:

2.1 Each of the Council's balances and reserves is considered below.

2.2 General Fund Working Balance

- 2.2.1 Setting the level of this general reserve is just one of several related decisions in the formulation of the medium-term financial strategy and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements. In addition to the cash flow requirements of the authority the following factors should be considered:

Budget Assumptions

- treatment of inflation
- interest rates
- treatment of demand led pressures (e.g. take-up of housing benefits)

- levels of income
- financial risks inherent in significant funding partnerships
- the availability of other funds to deal with emergencies
- estimates of the level of and timing and capital receipts, S106 moneys and general cashflows

Financial Standing and Management

- the overall financial standing of the authority
- the authority's track record in budget and financial management
- the capacity to manage in-year budget pressures
- the strength of financial information and reporting arrangements
- the authority's financial procedure rules and budgetary flexibility
- the adequacy of insurance arrangements to cover major unforeseen risks

Adequacy of inflation

2.2.2 Budgetary provision is made for inflation in respect of pay, prices and contract expenditure. The 2012/13 budgets contain a sum of £1,124,470 for such inflation. An adverse variance of 1% in the assumptions made to these forms of expenditure could result in additional expenditure of £374,800.

Adequacy of interest rate assumption

2.2.3 The Council is a debt free authority and has substantial funds available for investment. The amount under investment however is sensitive to changes in interest rates especially given the short-term nature (less than 1 year) of most of the investment activity and the need to retain some cash liquidity for day to day purposes. The events occurring in the banking and financial markets in 2009/10 shows how unpredictable this area can be. Fortunately for the Council, most of its investments are in fixed term deposits. The 2012/13 budget assumes an average of 1% over the year but during this time some core cash investments will need re-investing. The budgets were prepared in a period where interest rates have remained at an all time low and have been stable at 0.5%. It is now unlikely that there will be a further reduction in interest rates to 0% and even more unlikely (although technically possible) for there to be a negative interest rate. However, an adverse variance of 1% in interest rates would affect investment income by approximately £300,000. This would be borne by the Council Taxpayers Reserve.

Treatment of demand led pressures

2.2.4 Demand volatility can affect both expenditure (e.g. take up of housing benefits) and income (e.g. number of planning applications). Housing and Council Tax Benefits are a significant item of expenditure estimated at £21.7m in 2012/13. Although this is generally covered by government subsidy, receipt of the subsidy is based upon estimates. Should the actual payments vary from the estimate there will be a time lag before subsidy is paid. It is considered prudent to allow for some cash flow fluctuations in the payment of benefits and the receipt of subsidy. If payments increase by 1% the cash flow implications would be in the order of £217,000.

Levels of income

2.2.5 The major income budgets (for fees and charges) in 2012/13 are those relating to:

	£
- Leisure Services	2,846,380
- Development Control	660,000
- Premises Development	605,220

- Parking Charges	553,570
- Local Taxation	219,880
- Markets	198,690
- Chief Executive's Licensing	161,590
- World of James Herriot	112,600
- Land Charges	90,000

Total income from fees and charges is budgeted to be £5.508m in 2012/13. The economy is clearly still experiencing difficulties at the moment and recovery is expected to be slow. Leisure, Development Control and Land Charges have already shown clear signs of reduced income (although budgets have now been rebased). A moderate fall in demand of say 3% would lead to a reduction in income of about £165,000.

External Partnerships

- 2.2.6 Members are aware that the Council acts as the 'Accountable Body' for a number of partnerships. With the potential for these to grow in number the financial exposure increases and whilst the Council's own management arrangements are maintained under review and subject to audit it is nevertheless felt prudent to allow for some form of contingency in the event of any partnership expenditure/claim being deemed ineligible. The Building Control Partnership in particular is vulnerable as a result of the downturn in the housing market. A figure of £30,000 is suggested for this purpose.

Responding to emergencies

- 2.2.7 Examples of emergencies in the past include flooding and the outbreak of foot and mouth disease. As a local authority the Council can in certain cases gain financial protection from the Government's Bellwin Scheme. However, this only reimburses 85% of eligible expenditure above a specified threshold (for Hambleton the 2011/12 threshold is £15,952), and until the grant monies are received the Council is required to fund the expenditure. Again, it would be prudent to include a provision for emergencies within the Council's general balances. A figure of £150,000 is suggested (this is similar to the gross cost of the flooding in June 2005).

Capital financing and general cashflows

- 2.2.8 The Council maintains a significant capital programme which is supported by external funding and on-going capital receipts. The timing of such receipts rarely matches the expenditure profile, often lagging by months.
- 2.2.9 Similarly the timing of the Council's income, principally from Council Tax and Business Rate income, does not always match the Council's outgoings (mainly salaries, capital and precept payments). This is particularly the case in February and March when income from Council Tax and Business Rates reduces significantly as the normal instalments cease.
- 2.2.10 Consequently it is necessary to maintain a large amount for cash flow purposes, thereby reducing the need to frequently draw back funds. A sum of £1,000,000 is recommended for this purpose.
- 2.2.11 On this basis it would appear that a General Fund Working Balance of around £2,237,000 is required. However, it would be extremely unlikely that all the events listed above would materialise at the same time and past experience has shown that a figure of £2,000,000 has proved adequate. ***It is recommended that the Council maintain a sum of £2,000,000 as its General Fund Working Balance.*** A level of £2m equates to approximately 4.1% of the Council's gross annual budget requirement. This combined with the Council's internal financial controls should ensure the authority recognises financial 'issues' early and has the capacity to respond accordingly.

2.3 Council Taxpayers Reserve

2.3.1 The purpose of this reserve is currently “To support revenue spending on community projects and on enhancing service delivery” (min CA117 January 2007). ***It is recommended that the purpose of the Council Taxpayers Reserve is maintained.***

2.3.2 The level of the reserve is considered as part of every review of the financial strategy, and needs to be sufficient to fulfil its purpose over the life of the strategy. Clearly over time the level of the reserve will diminish. However, in order for the Council Taxpayer to receive the maximum benefit from the reserve, this should be in a structured and considered way in accordance with expectations of the level of Council Tax assumed in the financial strategy.

2.4 Capital Fund

2.4.1 The purpose of this reserve is “To provide revenue support to assist funding of the Capital Programme” (min CA139 February 2006). ***It is recommended that the purpose of the Capital Fund is maintained.***

2.4.2 The capital programme is mainly funded by capital receipts, but these are expected to diminish over time. Cabinet agreed as part of the considerations for the 2009/10 Revenue budgets to cease the revenue contributions to this Reserve. It has since been topped up by transfers from other reserves.

2.5 Community Safety Partnership Reserve

2.5.1 The purpose of this reserve is currently “To receive surpluses and deficits from the Community Safety Partnership Accounts” (min CA139 February 2006). ***It is recommended that the purpose of the Community Safety Partnership Reserve is maintained.***

2.5.2 The reserve is kept as good accounting practice and is not expected to have a significant balance in it.

2.6 Service Improvement Reserve

2.6.1 The purpose of this reserve is “To improve or sustain service delivery” (min CA56 November 2007). ***It is recommended that the purpose of the Service Improvement Reserve is maintained.***

2.6.2 This reserve is maintained to provide funding for service improvements or unexpected events. It incorporates the former One-Off Fund and (old) Service Improvement Reserve where Members had requested that a minimum balance of £150,000 and £50,000 respectively be maintained. It is recommended therefore that the minimum balance on this Reserve be kept at £200,000. This is considered adequate, and is sustainable within the current financial strategy. In normal circumstances, however, the level of the fund could be substantially higher than this.

2.7 Hambleton Strategic Partnership Reserve

2.7.1 The purpose of this reserve is currently “To receive surpluses and deficits from the Hambleton Strategic Partnership Accounts” (min CA139 February 2006). ***It is recommended that the purpose of the Hambleton Strategic Partnership Reserve is maintained.***

2.7.2 The reserve is kept as good accounting practice and is not expected to have a significant balance in it.

2.8 Grants Fund

2.8.1 The purpose of this reserve is currently "To fund revenue grants to organisations on an annual basis" (min CA56 November 2007). ***It is recommended that the purpose of the Grants Fund is maintained.***

2.8.2 The level of the fund was initially established to provide for three years funding, and will therefore have a reducing balance over the period. It is expected that the fund will run low in funds by 2014/15 and therefore a review will be needed before this time.

2.9 Cyclical Reserve

2.9.1 The purpose of this reserve is currently "To finance such cyclical events as approved by Council" (Min CA78 2010). ***It is recommended that the purpose of the Cyclical Reserve is maintained.***

2.9.2 The level of the reserve will fluctuate depending on the timing of any receipts and the cyclical payments.

2.10 Savings Reserve

2.10.1 This Reserve was established as part of the closedown of the 2009/10 Accounts. The purpose of this reserve is currently "To receive cashable savings to support the Council's budget". ***It is recommended that the purpose of the Savings Reserve is maintained.***

2.10.2 The use of this reserve will be looked at as part of the closure of the 2011/12 accounts.

2.11 Shared Service Reserve

2.11.1 This Reserve was also established as part of the closedown of the 2009/10 Accounts. The purpose of the reserve is "To receive cashable efficiency savings from shared service arrangements to support the Council's budget". ***It is recommended that the purpose of the Shared Service Reserve is maintained.***

2.11.2 The use of this reserve will also be looked at as part of the closure of the 2011/12 accounts.

2.12 New Homes Bonus Reserve

2.11.1 The Government have introduced a scheme for rewarding Councils that build new homes and bring empty properties back into use. The first income under this scheme was received in the current year and the money will be paid into a New Homes Bonus Reserve and earmarked. It is recommended that the purpose of this new reserve be ***"To receive Government grants in respect of the New Homes Bonus scheme to be spent for the benefit of Hambleton residents"***.

3.0 LEVEL OF BALANCES AND RESERVES:

3.1 The use of balances and reserves is a critical feature in the Council's approach to financial management. They enable Council Tax to be maintained at low levels, support the capital programme and deliver service improvements.

3.2 It is considered important therefore that the level of balances is monitored to ensure that adequate levels are maintained to fulfil their purpose. Whilst to a large extent this is done annually through the review of the resource management plan, which includes the financial strategy, an improvement, introduced six years ago, was the establishment of targets for the level of each reserve which can be monitored. The target established was that each

Reserve should have a year end balance which is within a 10% tolerance of the balance reflected in the Council's financial strategy. Performance against the target will continue to be reported to Members as part of the year end procedures.

3.3 Experience has shown however that due to the nature of receipts and payments into and out of the Service Improvement Reserve, it is not possible to accurately forecast the level of this reserve at the year end. A more appropriate target for this reserve would be to ensure that a minimum balance is retained.

3.4 ***It is recommended that the targets for Reserve balances are:***

- a) A minimum balance for the Service Improvement Reserve of £200,000, and***
- b) For all other Reserves, within a 10% tolerance on the year end balance as reflected in the financial strategy.***

Hambleton District Council
Statement of Pay Policy for the period 1 April 2012 to 31 March 2013

Introduction

Sections 38 – 43 of the Localism Act 2011 require that the authority produce a policy statement that covers a number of matters concerning the pay of the authority's staff, principally Chief Officers. This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the authority is required to have regard under Section 40 of the Act. This policy was considered and approved by the full Council at the Council meeting which took place on **(Date)**. This policy also has some connection with the data on pay and rewards for staff which the authority publishes under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011). It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are summarised at Annex E(1) to this policy statement. This policy statement does not cover or includes school staff and is not required to do so.

Definition of officers covered by the Policy Statement

This policy statement covers the following posts:

1. Head of the Paid Service, which in this authority is the post of Chief Executive, which is a joint post working across Hambleton District Council and Richmondshire District Council as part of shared serve arrangements.
2. Statutory Chief Officers, which in this authority are the posts of Head of Finance Services and Head of Legal Services, who work across Hambleton District Council and Richmondshire District Council as part of shared service arrangements.
3. Non-statutory Chief Officers, (those who report directly to the Head of the Paid Service) which in this authority is the post of Executive Director/Deputy Chief Executive working jointly across Hambleton District Council and Richmondshire District Council as part of shared service arrangements.
4. Deputy Chief Officers, (those who report directly to a non-statutory Chief Officer) which in this authority are the posts of Assistant Chief Executive, Assistant Directors and Head of Regulatory Services working jointly across Hambleton District Council and Richmondshire District Council as part of shared service arrangements

Policy on remunerating Chief Officers

The authority's policy on remunerating Chief Officers is set out in the schedule that is attached to this policy statement at Annex E(2). It is the policy of this authority to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the authority's requirements of the post in question at the relevant time.

Policy on remunerating the lowest paid in the workforce

The authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of authority decisions, these are then incorporated into contracts of employment. The lowest pay point in this authority is spinal column point 4 - this relates to an annual salary of £12,145 and can be expressed as an hourly rate of pay of £6.29 per hour. This pay point and salary was determined by the authority as part of a pay scale for employees employed on Local Government Services Terms and Conditions and has been applied since that date. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.

Policy on the relationship between Chief Officer remuneration and that of other staff

The highest paid salary in this authority is £106,000 which is paid to the Joint Chief Executive. The average median salary in this authority is £27,849. The ratio between the two salaries, the 'pay multiple' is 3.8:1. This authority does not have a policy on maintaining or reaching a specific 'pay multiple'. Senior Officers' salaries are subject to independent review and all other employees are subject to pay rates determined in accordance with National Conditions of Service and local pay determination. The authority's approach to the payment of all staff is to pay that which the authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the authority meets any contractual requirements for staff including the application of any local or national collective agreements, or authority decisions regarding pay.

Policy on other aspects of Chief Officer remuneration

Other aspects of Chief Officer remuneration are appropriate to be covered by this policy statement, these other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, bonuses, termination payments, transparency and re-employment when in receipt of an LGPS pension or a redundancy/severance payment. These matters are addressed in the schedule that is attached to this policy statement at Annex E(3).

Approval of Salary Packages in excess of £100k

The authority will ensure that, at the latest before an offer of appointment is made, any salary package for any post (not including schools) that is in excess of £100k will be considered by full Council. The salary package will be defined as base salary, any bonuses, fees, routinely payable allowances and benefits in kind that are due under the contract.

Flexibility to address recruitment issues for vacant posts

In the vast majority of circumstances the provisions of this policy will enable the authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek full Council

approval for a change of the policy statement. Such a departure from this policy will be expressly justified in each case and will be approved through an appropriate authority decision making route.

Amendments to the policy

It is anticipated that this policy will not need to be amended during the period it covers (April 2012 – end March 2013). However if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to full Council for consideration.

Policy for future years

This policy statement will be reviewed each year and will be presented to full Council each year for consideration in order to ensure that a policy is in place for the authority prior to the start of each financial year.

Hambleton District Council
Pay Policy Statement

The Secretary of State for CLG Code of Recommended Practice for Local Authorities on Data Transparency indicates that local authorities should publish the following data concerning staff:

- Salaries, names (with an option for individuals to refuse to consent to this), job descriptions, responsibilities, budgets (including overall salary cost of staff reporting), and numbers of staff for all staff in receipt of a salary of more than £58,200
- An organisational chart of the staff structure of the authority including salary bands and details of currently vacant posts
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole authority workforce

The Accounts and Audit (England) Regulations (2011) require that the following data is included in the authority's accounts:

- Numbers of employees with a salary above £50k per annum (pro-rata for part-time staff) in multiples of £5k
- Job title, remuneration and employer pension contributions for senior officers. Senior officers are defined as Head of Paid Service, Statutory Chief Officers and Non-Statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act.
- Names of employees paid over £150k per annum

For the above remuneration is to include:

- Salary, fees or allowances for the current and previous year
- Bonuses paid or receivable for the current and previous year
- Expenses paid in the previous year
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment
- Total estimated value of non-cash benefits that are emoluments of the person

For the above pension contributions to include:

- The amount driven by the authority's set employer contribution rate
- Employer costs incurred relating to any increased membership or award of additional pension

Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive	£102,000 - £106,000	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria payments for any increased duties and responsibilities are reimbursed through normal authority procedures	There are no plans for the postholder to receive any ex-gratia payments	Election duty fees are paid to the postholder when due.	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.
Executive Director and Deputy Chief Executive	£77,186- £80,354	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.
Assistant Chief Executive	£60,600 - £63,630	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.

Assistant Director	£55,741- £58,730	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.
Assistant Director	£55,741- £58,730	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.
Assistant Director	£55,741- £58,730	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.

Head of Finance	£54,277- £57,466	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.
Head of Legal Services	£54,277- £57,466	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.
Head of Regulatory Services	£54,277- £57,466	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	Equivalent to one increment	The terms of the contract of employment do not provide for an element of base salary to held back related to performance	Honoraria for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	Not applicable	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2012/13.

Aspect of Chief Officer Remuneration	Authority Policy
Recruitment	<p>The post will be advertised and appointed to at the appropriate approved salary for the post in question level unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the authority's policy and any variation will be approved through the appropriate authority decision making process.</p>
Pay Increases	<p>The authority will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The authority will also apply any pay increases that are as a result of authority decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.</p>
Additions To Pay	<p>The authority would not make additional payments beyond those specified in the contract of employment.</p>
Performance Related Pay	<p>The authority does operate a performance related pay system and it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Performance related Pay does apply, whereby, if they have progressed to the top of their salary, they only receive the last increment of their pay scale following an annual performance review. Any areas of under-performance are addressed rigorously</p>
Earn-Back (Withholding an element of base pay related to performance)	<p>The authority does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.</p>
Bonuses	<p>The authority does not pay bonus payments to senior officers.</p>

Termination Payments	<p>The authority applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers. The authority also applies the appropriate Pensions regulations when they apply. The authority has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations. Any costs that are incurred by the authority regarding senior officers are published in the authority accounts as required under the Accounts and Audit (England) Regulations 2011.</p>
Transparency	<p>The authority meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration.</p>
Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment	<p>The authority is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The authority will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post. The authority will therefore consider all applications for candidates to try to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by the authority. Clearly where a former employee left the authority on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist. The authority will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.</p>