

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
27 November 2012

**Subject: FINANCIAL STRATEGY 2013/14 TO 2022/23 AND BUDGET PLANNING
FRAMEWORK FOR 2013/14**

**All Wards
Portfolio Holder for Resources: Councillor R Kirk**

1.0 PURPOSE AND BACKGROUND:

1.1 The purpose of the report is to consider:-

- The Financial Strategy 2013/14 to 2022/23 taking into consideration the unprecedented funding reductions facing the Council and the Budget Planning Framework for the 2013/14 Revenue Budget;
- The Pay Policy Statement for 2013/14.

Financial Strategy 2013/14 to 2022/23

1.2 The Financial Strategy 2013/14 to 2022/23 is set out in Annex A. This provides an analysis of the estimated financial position and the direction of the Council's financial resilience over the next 10 years taking into consideration government funding, other resources, service pressures and priorities. It is divided into the following sections:-

- Benefits of and principles underpinning the financial strategy for 2013/14 to 2022/23;
- The national economic context;
- Government policy;
- Local government finance settlement and the impact of Business Rate Retention (BRR);
- New Homes Bonus;
- Local income position;
- Spending pressures;
- Financial risk analysis;
- Budget planning framework 2013/14.

1.3 The key issues for the financial strategy and budget planning for 2013/14 are that:-

- The new Business Rate Retention scheme and the impact of the continued reduction in funding for local government;
- The potential income generated by the New Homes Bonus grant and the uncertainty around funding beyond 2017/2018;
- The impact of the low Bank Base Rate on the ability of the Council to generate investment income from balances;
- The impact on collection rates of the localised council tax support scheme.
- Spending pressures as a result of inflation being above government targets and the pressure currently being exerted on government to award a public sector pay increase in 2013/14.

Budget Planning Framework 2013/14

- 1.4 The purpose of the budget planning framework is to give some flexibility to the Council in setting the revenue budget for 2013/14 allowing it to address the final financial position as it emerges.

Pay Policy Statement 2013/14

- 1.5 The Pay Policy Statement for 2013/14 is detailed in Annex B, this introduces incremental progression for Chief Officers in line with all other employees of the Council.

2.0 DECISIONS SOUGHT:

- 2.1 To approve the Financial Strategy 2013/14 to 2022/23, the Budget Planning Framework 2013/14 and the Pay Policy Statement 2012/14.

3.0 LINK TO CORPORATE PRIORITIES:

- 3.1 One of the Council's priorities is to reduce costs and improve the productivity of services a robust financial strategy can assist with this.

4.0 RISK ASSESSMENT:

- 4.1 There are no risks associated in approving the recommendations.

5.0 LEGAL IMPLICATIONS:

- 5.1 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 covering the pay of council staff, principally Chief Officers. The policy should be approved by full Council. The Pay Policy introduces incremental progression for Chief Officers in line with all other employees of the Council and should be approved by full Council.

6.0 RECOMMENDATIONS:

- 6.1 It is recommended that Cabinet:-

- 1) approve the Financial Strategy 2013/14 to 2022/23 and Budget Planning Framework 2013/14 at Annex A;
- 2) approve the Pay Policy Statement 2013/14 at Annex B.

JUSTIN IVES

Background papers: None
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FINANCIAL STRATEGY 2013/14 TO 2022/23 AND THE BUDGET PLANNING FRAMEWORK 2013/14

1.0 PURPOSE OF THE FINANCIAL STRATEGY 2013/14 TO 2022/23

- 1.1 The Financial Strategy is a key aspect of the Council's Budget Policy Framework. It aims to ensure that resources are aligned to the Council's corporate aims as set out in the Council Business Plan 2011/12 to 2014/15, as well as delivering customer focused outcomes and continual service delivery improvement. The Financial Strategy sets out the strategic financial position and the financial direction of the Council over the next 10 years taking into consideration the Council's strategic objectives, significant government grant cuts, other resources and service pressures. The Strategy is regularly monitored and updated to reflect the relentless changes in public sector finance. The key objective of the Financial Strategy is to facilitate the strategic objectives of the Council whilst providing the assurance that the financial standing of the Council over the next 10 years maintains resilience.

2.0 BENEFITS AND PRINCIPLES UNDERPINNING THE FINANCIAL STRATEGY 2013/14 TO 2022/23

- 2.1 The Benefits of preparing and maintaining the Financial Strategy include:
- It provides financial parameters to assist with strategic planning to support the delivery of the Council's strategic objectives;
 - It allows the Council to respond to internal and external financial pressures assisting with the development of a sustainable budget over the period of the Financial Strategy;
 - It highlights financial risks and mitigating controls promoting the maximisation of resources and the delivery of value for money;
 - It reviews the Council's reserves policy to assist in planning against unforeseen events.
- 2.2 The principles underlying the Financial Strategy 2013/14 to 2022/23 are set out below:
- The overall Financial Strategy will ensure the Council's resources are targeted towards meeting its' strategic priorities;
 - The Council's Business Plan and associated activities will inform a review of the Financial Strategy on an annual basis. The annual review will include an update of the 10 year financial forecast, expected developments within the Council together with the anticipated financial impact of any legislative changes;
 - The Council undertakes to maintain its level of expenditure within the boundaries set in the Annual Revenue Budget. If, following monthly budget monitoring, expenditure is expected to exceed original estimates, plans will be prepared detailing the actions required to ensure that spending at the year end does not exceed original estimate;
 - The Council will maintain its General Reserve at an adequate level to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget without reliance on the use of the General Reserve;

- The Council will maintain earmarked reserves for specific priorities that are consistent with its strategic objectives. The use of these reserves will be consistent with the principles set out in the Financial Strategy and will be reviewed annually;
- The Council will balance the need to increase Council Tax with the delivery of its priorities, taking into account the economic challenges facing its communities;
- Opportunities for securing external funding will be sought. The implications of the cessation or withdrawal of funding will also be reviewed to ensure that options are considered prior to undertaking externally funded schemes;
- The Council has made a clear decision in its Financial Strategy not to enter into external borrowing. However, should the need arise to enter into prudential borrowing to support capital investment an income stream will be identified to meet the borrowing costs before any investment decisions are taken.

3.0 NATIONAL ECONOMIC CONTEXT

Deficit Reduction Plan

- 3.1 There is considerable uncertainty as to what impact the Government's policy to eliminate public sector debt will have on the economic recovery of the UK. The fiscal outlook is therefore likely to remain very challenging for the medium to long term.

Inflation

- 3.2 The Consumer Price Index has been above the Government's target level of 2% since December 2009, placing additional pressure on the Council's finances.
- 3.3 The rate of Consumer Price Index peaked at 5.2% in September 2011 which was the highest rate of Consumer Price Index since its adoption as the official measure of inflation in December 2003. Latest Bank of England forecasts suggest that the Consumer Price Index rate will remain stable at 2.6% in 2013/14 due to lower economic growth forecast. This position will continue to be regularly monitored.

Bank Base Rate

- 3.4 Despite inflation being above target the Bank Base Rate remains at an all time low of 0.5% since March 2009. Recent weak UK data releases, coupled with poorer global economic recovery, especially in the Euro-zone and the United States, are pushing back expectations of an increase in the Bank Base Rate. Latest projections anticipate that an increase will not occur before the end of 2016. This has a significant impact on the Council's ability to generate investment income and will continue to be regularly monitored and revised.

4.0 GOVERNMENT POLICY AND IMPACT

Spending Review 2010

- 4.1 The Spending Review 2010 was published on the 20 October 2010. This set out detailed spending plans at a national level for Government departments from 2011/12 to 2014/15. The main emphasis of Spending Review 2010 was to significantly reduce public sector spending to facilitate a reduction in the UK's borrowing deficit.

- 4.2 Based upon Spending Review 2010 the local Government finance settlement for 2010/2011 and 2011/2012 was announced on 11 January 2011. This resulted in a reduced finance settlement for the Council of over £1.6m or 29% across the period. The local Government finance settlement for the remaining two years of Spending Review 2010 are expected to be announced in January 2013 and are expected to be equally as challenging, particularly combined with the new funding mechanism for local government, Business Rate Retention.

5.0 LOCAL GOVERNMENT FINANCE SETTLEMENT AND THE IMPACT OF BUSINESS RATE RETENTION

- 5.1 On the 1 April 2013 a new funding mechanism will be introduced for local Government that will replace Formula Grant. The new Business Rate Retention funding model will enable Councils' to keep a proportion of the business rates collected locally, providing an incentive for Councils' to grow their local economy.
- 5.2 The implications of the new scheme are that the Council will be funded up to its base line level of funding (the 2012/13 formula grant adjusted for rural weighting). This base line position will then be reduced in line with Government funding reductions. Latest estimates released by the Local Government Association suggest that these reductions could be up to a 48% reduction by 2020. This base line funding will be made up of a combination of retained business rates and new revenue support grant.
- 5.3 Government will set a business rates target for the Council to collect, if it collects more than this target then the Council retains approximately 20% of this increase with 75% being paid to central Government, 4% being paid to the County Council and 1% being paid to the Fire Authority. However, if the Council fails to meet this target then the reduction falls fully on the District Council, County Council and Fire Authority at a ratio of 80:18:2. The Council will still be required to pay central Government their full share of the target business rates they set for the Council regardless of its collectability. The risk of reduced business rates has been removed fully from central Government and the majority of this risk placed with billing authorities.

6.0 NEW HOMES BONUS GRANT SCHEME

- 6.1 The new Homes Bonus Grant scheme is designed to create an effective fiscal incentive to encourage Councils to facilitate housing growth. The Grant is not a ring fenced grant and is intended to be part of the Council's core funding, as such the CLG have stated that they intend New Homes Bonus Grant to be a 'permanent feature of the local Government finance system'. However, commitment to the scheme has only been given until 2017/2018.
- 6.2 The scheme is designed to pay the Council the average annual value of Council Tax for a property from the year after its occupancy for a total of 6 years. For a Band D property this amount is £1,439 per year, these average amounts per Council Tax Band are set for the period of the scheme. In addition a grant of £350 per affordable home will be paid to the Council from the year after occupancy for a total of 6 years.

- 6.3 Similar to the Business Rate Retention scheme there is a split of this income with 80% retained by the District Council, 18% to the County Council and 2% to the Fire Authority. New Homes Bonus represents an opportunity for the Council to generate significant levels of grant that can assist in dealing with the unprecedented levels of formula grant reductions facing the Council.
- 6.4 The funding for New Homes Bonus Grant comes from a top slice of Business Rates Retention monies paid to central Government. The Government has stated that post 2017/2018 100% of Business Rates Retention will be used to fund local Government services. The risk to the Council's Financial Strategy is if from 2017/2018 Government policy moves away from delivering housing to an area such as health, then there is the potential for this funding to be transferred to the County Council who deliver health services.

7.0 LOCAL INCOME POSITION

Council Tax

- 7.1 The Localism Act 2011 gives a provision for a referendum to veto excessive Council Tax increases. This effectively places a limit on the level of Council Tax set by the Council. If the Council exceeds the Government's prescribed limits the public would be able to vote to agree or veto any considered 'excessive' increase.
- 7.2 The potential additional cost of a referendum and re-billing would be significant and negate the benefit from the Council Tax increase. Therefore increasing Council Tax above the prescribed limits would require careful consideration.
- 7.3 In the last two years the Council has taken the decision not to increase Council Tax and to accept the Government's Council Tax Freeze Grant. The Government has announced a 1% Council Tax Freeze Grant for 2013/14. The Financial Strategy assumes the Council will accept this Grant.

Interest on Balances

- 7.4 Given the continued low Bank Base Rate, the revenue budget for interest on balances in 2012/2013 was set at a prudent level. The Financial Strategy has been prepared on the basis that this level of interest rates will continue until 2016 at the earliest, with only small increases beyond that date. This is consistent with the latest projections on the Bank Base Rate from the Bank of England and other City Institutions.

Fees and Charges

- 7.5 Fees and charges levied by the Council provide a significant source of income and facilitate reinvestment in Council services. The Council will give consideration to the impact on its' services, local economic circumstances and the financial strategy in considering appropriate fees and charges.

Capital and Prudential Borrowing

- 7.6 All revenue implications associated with the Capital Programme are considered in setting the Capital Programme. The Council has taken the decision to fund the Capital Programme via reserves and not to enter into any prudential borrowing, this minimises the revenue costs associated with capital expenditure.

Reserves and Balances

- 7.7 The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. In establishing reserves the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom.
- 7.8 The provision of an appropriate level of reserves and balances is a fundamental aspect of prudent financial management. There purpose is to provide for unexpected adverse changes in income and expenditure levels and to provide funding for specific initiatives. This is consistent with the Reserves and Balances Policy adopted by the Council in setting the 2012/13 Council Tax.
- 7.9 The detailed Financial Strategy Annex A(1) shows that the Council Tax-Payers Reserve will move into a negative balance from 2020/21. In reality the Council's revenue budget will be supported from the New Homes Bonus Grant Reserve from this point. However, what the Financial Strategy does exemplify is the Council's reliance on New Homes Bonus Grant as a funding stream to support its revenue budget in the future. This is a potentially an unsustainable position a New Homes Bonus Grant is only guaranteed until 2017/18.
- 7.10 It is anticipated that at 1 April 2013 the Council will have Reserves and Balances of £22.906m. This provides the Council with a strong financial position to deal with the future financial challenges it is facing.

8.0 SPENDING PRESSURES

Pay

- 8.1 The austerity measures introduced by the Government in an attempt to reduce the public sector borrowing deficit included a pay freeze for all public sector workers. Through national bargaining 2012/13 represented the third consecutive year that Council employees have not been awarded an inflationary pay award. Given that inflation is currently higher than the Government target of 2% and the mounting pressure from unions on the Government to award an inflationary pay award in 2013/14, a prudent estimate has been incorporated into the financial strategy. This will be kept under review.

Pensions

- 8.2 The last actuarial review of the North Yorkshire Pension Fund was undertaken as at 31 March 2012. A prudent approach has been taken with stepped increases in the deficiency contributions for 2012/13 and beyond. The Council will continue to review the position on the deficiency payments with regard the option of making a lump-sum contribution to reduce the annual revenue payments.

Localisation of Council Tax Benefit

- 8.3 The Council will introduce its new scheme for administering Council Tax Benefit from 1 April 2013. This is in response to the Government's policy decision to localise Council Tax Benefit and at the same time reduce the grant to Councils in respect of this by over 10%. The scheme that has been designed by the Council is to minimise this cost to the Council Tax. However, the scheme will mean that the majority of individuals receiving Benefit will be

required to pay a contribution towards their Council Tax. There is a risk that non payment of Council Tax-payer will increase as a result of this change. This position will be closely monitored from the scheme's inception.

Energy prices

- 8.4 Energy and vehicle fuel prices continue to be particularly volatile. Prudent provision has therefore been included for continued annual increases in charges for gas, electricity and vehicle fuel for the period of the Financial Strategy.

9.0 FINANCIAL RISK ANALYSIS

- 9.1 The key financial risks and associated implications for the Financial Strategy are detailed below, a score of high, medium or low has been given to the likelihood of each risk occurring and the impact of risk on the Financial Strategy should it occur:

- If the UK's economic position worsens then the Government may look to public sector spending for further reductions. This would reduce grant income to the council further. (Risk: High, Impact: High)
- Under the Business Rate Retention scheme failure to meet the target for business rate collection set by Government represents a cost to the Council. Also, under this scheme the Government has transferred the risk of business rate no payment to the Council. (Risk: Medium, Impact: High)
- New Homes Bonus grant is pivotal to the resilience of the Financial Strategy. Failure to increase the tax base year on year would significantly impinge on this resilience. (Risk: Medium, Impact: High)
- Post 2017/18 there is a risk of further grant reductions should Government priorities shift from increased housing provision to enhancing functions not undertaken by the Council. (Risk: Medium, Impact: High)
- Careful consideration would be needed if the Council were to consider increasing Council Tax above the prescribed limits set by Government as the cost of a referendum and potential re-billing could outweigh the benefit on increased Council Tax income. (Risk: Low, Impact: Medium)
- A continued low Bank Base Rate beyond 2016 would impact on the Council's ability to generate investment income from balances. (Risk: High, Impact: Medium)
- Fees and charges should be set at a level to maintain a balance between service use and income generation. (Risk: Low, Impact: Medium)
- Pay increases are awarded that are above the estimates contained in the Financial Strategy, generating additional budgetary pressure. (Risk: Low, Impact: High)
- Pension deficits increases generating an additional budgetary pressure. (Risk: Low, Impact: Medium)
- The localised Council Tax benefit scheme creates an additional budgetary pressure due to increased non-payment. (Risk: High, Impact: Low).
- Energy and fuel price increases are above the estimates contained in the Financial Strategy, generating additional budgetary pressure. (Risk: Medium, Impact: Medium)

10.0 BUDGET PLANNING FRAMEWORK 2013/14

- 10.1 The detailed Financial Strategy for 2013/14 to 2022/23 attached as Annex A1 provides a framework for preparing the revenue budget for 2013/14.
- 10.2 The preparation of the draft revenue budget for 2013/14 will take into consideration income levels, spending pressures and the major financial risks. It should be noted that the draft revenue budget will not represent the final budget position for the Council as the level of grant funding to the Council through the business rate retention scheme and New Homes Bonus will not be known until January 2013.
- 10.2 It is proposed that the Director of Resources will co-ordinate the preparation of the draft 2013/14 revenue budget using this framework and that this initial draft of the revenue budget will be presented to Cabinet for consideration in December 2012.

FINANCIAL STRATEGYASSUMPTIONS

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<u>Inflation</u>										
Council Tax base	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Government support	-12.00	-6.00	-8.00	-6.00	-6.00	-5.00	-5.00	2.00	2.00	2.00
Interest rates	1.00	1.00	1.50	2.50	2.50	3.50	3.50	4.50	4.50	4.50
Budget increase	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>Council tax</u>										
Retained business rate increase above RPI	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Council tax increase	0.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Council Tax per household	89.48	91.72	94.01	96.36	98.77	101.24	103.77	106.36	109.02	111.75
Number of band D properties	36,421	36,640	36,860	37,081	37,303	37,527	37,752	37,979	38,207	38,436
Increase in Band D Properties	217	219	220	221	222	224	225	227	228	229
<u>Government Support</u>										
Re-distributed Business Rates / RSG	0	0	0	0	0	0	0	0	0	0
Retained Business Rates	669,262	882,647	1,100,300	1,322,306	1,548,752	1,779,727	2,015,322	2,255,628	2,500,741	2,750,755
New RSG	3,097,783	2,662,539	2,166,580	1,752,893	1,346,353	974,566	605,279	417,385	225,733	56,903
Council tax reduction grant	113,387	80,798								
Council Tax	3,258,971	3,360,488	3,465,167	3,573,107	3,684,410	3,799,179	3,917,523	4,039,554	4,165,366	4,295,138
	7,139,403	6,986,472	6,732,047	6,648,306	6,579,515	6,553,472	6,538,124	6,712,567	6,891,860	7,102,796

One Off Fund

Opening balance	2,430,014	1,884,914	1,624,914	1,284,914	1,084,914	1,084,914	884,914	684,914	394,914	244,914	94,914
Add: Transfers	0	0	0	0	0	0	0	0	0	0	0
	2,430,014	1,884,914	1,624,914	1,284,914	1,084,914	1,084,914	884,914	684,914	394,914	244,914	94,914
Less : Payments in year	545,100	260,000	340,000	200,000	200,000	200,000	200,000	290,000	150,000	150,000	94,914
	1,884,914	1,624,914	1,284,914	1,084,914	884,914	884,914	684,914	394,914	244,914	94,914	0
General Fund Working Balance	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Resources brought forward	3,538,816	3,817,816	3,140,816	2,867,816	2,697,816	2,221,816	1,724,816	1,205,816	792,816	396,816

PLUS : New Receipts

Sale of land - Learning Bar	900,000	308,000	308,000	308,000	0	0	0	0	0	0
Sale of Assets	500,000	0	0	0	0	0	0	0	0	0
Section 106 agreements	0	0	0	0	0	0	0	0	0	0
Grants	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
	1,500,000	408,000	408,000	408,000	100,000	100,000	100,000	100,000	100,000	100,000

LESS : Capital Expenditure

Customer Services	55,000	0	0	0	0	0	0	0	0	0
Housing and Planning	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000	186,000
Leisure and Health	130,000	157,000	39,000	15,000	24,000	0	44,000	0	24,000	24,000
Resources	694,000	661,000	375,000	296,000	303,000	345,000	333,000	291,000	200,000	200,000
Corporate Management	156,000	81,000	81,000	81,000	63,000	66,000	56,000	36,000	86,000	86,000

	1,221,000	1,085,000	681,000	578,000	576,000	597,000	619,000	513,000	496,000	496,000
Total resources available	3,817,816	3,140,816	2,867,816	2,697,816	2,221,816	1,724,816	1,205,816	792,816	396,816	816

BALANCES - SUMMARY

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Revenue reserves										
Council taxpayers	8,048,891	7,251,477	6,135,586	4,971,507	3,565,149	2,114,634	393,830	(1,273,754)	(3,044,438)	(4,892,624)
Capital Fund	3,865,178	3,865,178	3,865,178	3,865,178	3,865,178	3,865,178	3,865,178	3,865,178	3,865,178	3,865,178
Grants	218,767	95,447	0	0	0	0	0	0	0	0
Cyclical payments	0	0	0	0	0	0	0	0	0	0
New homes bonus	1,703,066	2,764,176	4,072,037	5,628,130	7,118,723	7,118,723	7,118,723	7,118,723	7,118,723	7,118,723
One Off Fund	1,884,914	1,624,914	1,284,914	1,084,914	884,914	684,914	394,914	244,914	94,914	0
	15,720,816	15,601,192	15,357,715	15,549,729	15,433,964	13,783,449	11,772,645	9,955,061	8,034,377	6,091,277
Capital Receipts										
Resources available	3,817,816	3,140,816	2,867,816	2,697,816	2,221,816	1,724,816	1,205,816	792,816	396,816	816
	3,817,816	3,140,816	2,867,816	2,697,816	2,221,816	1,724,816	1,205,816	792,816	396,816	816
General Fund Working Balance	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Balances	21,538,632	20,742,008	20,225,531	20,247,545	19,655,780	17,508,265	14,978,461	12,747,877	10,431,193	8,092,093

HAMBLETON DISTRICT COUNCIL – STATEMENT OF PAY POLICY

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 is to be considered and approved by the Full Council at the Council meeting on 11 December 2013. 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's 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 1 to this Policy Statement.

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.
2. Statutory Chief Officers, which in this Authority are the posts of Monitoring Officer and S151 Officer.
3. Non-statutory Chief Officers, (those who report directly to the Head of the Paid Service) which in this authority are the Director posts.
4. Any Officer appointed to an Acting or Interim role in respect of the posts identified in paragraphs 1 to 3 above.

Policy on remunerating the Chief Executive and Senior Officers

The Authority's policy on remunerating Senior Officers is set out on the schedule that is attached to this Policy Statement at Annex 2. It is the policy of this Authority to establish a remuneration package for each Senior 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 currently £100,000 which is paid to the 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 Officer 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 Senior Officer remuneration

Other aspects of Senior 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 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 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 (until the end of March in the current financial year). 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.

Annex 1

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:

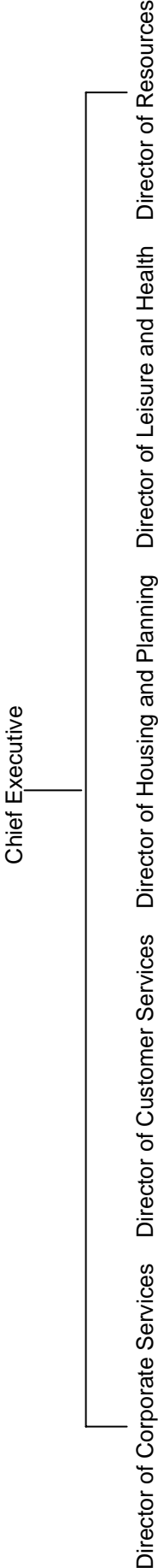
- Salary, fees or allowances for the current and previous year
- Bonuses paid or receivable for the current and previous year
- Expenses paid in the previous year
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment
- Total estimated value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

Annex 2

Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive	£100,000 2 x Increments of £5,000	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	The terms of the contract of employment do not provide for performance related pay	The terms of the contract of employment do not provide for an element of base salary to be 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	Election duty fees are paid when due in connection with a District Election	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.
Director (x 5) (including Monitoring Officer and Section 151 Officer)	£65,500 2 x Increments of £2,250	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	The terms of the contract of employment do not provide for performance related pay	The terms of the contract of employment do not provide for an element of base salary to be 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	Election duty fees may be paid in connection with a District Council Election	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 Senior Officer Remuneration	Authority Policy
Recruitment	The post will be advertised and appointed to at the appropriate salary level up to the approved level for the post in question based on skills, knowledge, experience, abilities and qualities.
Pay Increases	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 duties and responsibilities that are expected in senior posts.
Additions To Pay	The authority would not make additional payments beyond those specified in the contract of employment.
Performance Related Pay	The authority does not operate a performance related 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
Earn-Back (Withholding an element of base pay related to performance)	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.
Bonuses	The authority does not pay bonus payments to senior officers.

<p>Termination Payments</p>	<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>
<p>Transparency</p>	<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>
<p>Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment</p>	<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>

