



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY 26TH FEBRUARY 2014 AT 4.00 P.M.

THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

MEMBERS: Councillors R. Hollingworth (Leader), M. A. Sherrey (Deputy Leader), D. W. P. Booth, M. A. Bullivant, C. B. Taylor and M. J. A. Webb

AGENDA

1. To receive apologies for absence
2. Declarations of Interest

To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the meeting of the Cabinet held on 5th February 2014 (Pages 1 - 6)
4. Medium Term Financial Plan 2014/2015 - 2016/2017 (Pages 7 - 32)

K. DICKS
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

17th February 2014

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Agenda Item 3

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY, 5TH FEBRUARY 2014 AT 6.00 P.M.

PRESENT: Councillors R. Hollingworth (Leader), M. A. Sherrey (Deputy Leader),
D. W. P. Booth, M. A. Bullivant, C. B. Taylor and M. J. A. Webb

Observers: Councillors M. T. Buxton, R. Dent and L.J. Turner

Invitees: Councillor S. P. Shannon

Officers: Ms J. Pickering, Mr G. Revans, Ms J. Willetts, Mrs S. Sellers
and Ms R. Cole

81/13 APOLOGIES

There were no apologies for absence.

82/13 DECLARATIONS OF INTEREST

There were no declarations of interest.

83/13 MINUTES

The minutes of the meeting of Cabinet held on 8th January 2014 were submitted.

The Leader referred to the changes he was introducing to the Cabinet Portfolios which he had spoken about at the last meeting and confirmed that the Portfolios were now as follows:

- Councillor R. Hollingworth - Leader of the Council and Portfolio Holder for Support Services (Legal, Elections, Democratic Services and Human Resources).
- Councillor M. A. Sherrey - Deputy Leader and Portfolio Holder for Strategic Housing, the elderly, young people and vulnerable people.
- Councillor C. B. Taylor - Portfolio Holder for Planning and Licensing

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- Councillor D. W. P. Booth - Portfolio Holder for Business Transformation (including ICT) and Regeneration, including the town Centre and car parks.
- Councillor M. J. A. Webb - Portfolio Holder for Finance, Customer Services and Economic Development.
- Councillor M. A. Bullivant - Portfolio Holder for Environment (waste collection and grounds maintenance) and Leisure (parks and leisure centres)

RESOLVED that subject to the inclusion of the above, the minutes be approved as a correct record.

84/13 **AUDIT BOARD**

The minutes of the meeting of the Audit Board held on 12th December 2013 were submitted.

RESOLVED that the minutes of the Audit Board be noted.

85/13 **OVERVIEW AND SCRUTINY BOARD**

The minutes of the meeting of the Overview and Scrutiny Board held on 20th January 2014 were submitted.

RESOLVED that the minutes be noted.

86/13 **OVERVIEW AND SCRUTINY FEEDBACK ON THE CABINET RESPONSE TO THE AIR QUALITY TASK GROUP REPORT**

The Cabinet considered a report on Overview and Scrutiny feedback on the Cabinet response to the Air Quality Task Group report.

The Leader invited Councillor S. P. Shannon as Chairman of the Air Quality Task Group to speak on the matter.

Councillor Shannon expressed disappointment at the initial response of the Cabinet to the recommendations of the Task Group. He felt that the Task Group had been hoping for a more robust response from the Cabinet, particularly in view of the importance of Air Quality and the particular issues within Bromsgrove District.

Councillor Shannon recognised that financial matters had significantly influenced the Cabinet's response, but requested that further consideration and support be given to WRS applying for funding from Defra, particularly as the document attached to the report seemed to indicate the Authority would be eligible for funding in future years.

The Portfolio Holder for Air Quality Councillor C. B. Taylor felt that the Cabinet had taken the report seriously when it was originally considered in October 2013 and had given the recommendations due consideration.

The Cabinet did feel however that it would be beneficial for the Portfolio Holder to discuss the issues further with the Head of Worcestershire Regulatory Services and for the matter to be reconsidered by Cabinet at its April meeting.

The Leader thanked Councillor Shannon for his attendance at the meeting.

RESOLVED that further consideration of the report be deferred until the Cabinet's meeting on 2nd April 2014.

87/13 **FEES AND CHARGES 2014/15**

The Cabinet considered a report on proposed Fees and Charges in respect of a range of Council services for 2014/2015. It was noted that in general the overall increase was 3% although this did vary between services.

The Executive Director Finance and Corporate Resources stated that Heads of Service had reviewed the charges to ensure that they were relevant and reasonable in the context of the Bromsgrove District. The Medium Term Financial Plan had been prepared on the basis that additional income would be generated from fees and charges.

Members noted that in some instances the costs in Sanders Park had risen by 5% but that the facilities were to be improved. It was also noted that the intention was to keep Car Parking charges at the current level.

Reference was made to a small number of changes to be made to the schedule of fees and charges relating to Trade Waste Collections and Cesspool Emptying, Bulky Collections and the Interment of Cremated Remains.

Following discussion it was

RESOLVED that the fees and charges for 2014/2015 be as set out in the Appendix to the report be approved subject to the following:

- (a) that in respect of Trade Waste Collections and Cesspool Emptying officers be given the discretion to negotiate plus or minus 15% on contracts to allow them to compete in the market and to enable them to

- undertake difficult collections and empties in a more cost effective manner;
- (b) that in relation to Bulky Collections the opportunity for submitting a quotation be in respect of four items or more; and
 - (c) that the fee for the interment of cremated remains be set at £170 rather than £180.

88/13 **MEDIUM TERM FINANCIAL PLAN 2014/15 TO 2016/17**

The Cabinet considered a report giving an update on the Medium term Financial Plan 2014/15 to 2016/17.

Reference was made to the considerable additional cost pressures facing the Authority over the next three years arising from a number of issues including:

- a reduction in Government Grant Settlement;
- changes to welfare reform and the impact on the Authority from residents' service need;
- cuts in County Council funding;
- impact of the current national economic situation

Members noted that it was intended to utilise funding received from the Government's New Homes Bonus scheme within the general fund to offset the pressures facing the Council. This approach was being adopted by many other Authorities within the Worcestershire and the West Midlands regions.

The Executive Director for Finance and Corporate Resources referred to the work being undertaken by officers looking at alternative ways to make savings whilst improving services to the community. A programme detailing further work on transformation would be submitted to Members shortly.

Members' attention was drawn to the "unavoidable" budget pressures which had been identified in Appendix 2 to the report and which included:

- reduction in funding from other agencies for the delivery of Council Services, including a reduction in County Council funding of £60,000 in respect of the Essential Living Fund;
- additional pension costs arising from the new assessment of £54,000;
- additional one year accommodation costs of £130,000 to be offset by future savings on the move to the former Parkside School building

At present a very few revenue bids were being put forward for consideration and these were detailed in Appendix 1 to the report. It was likely there would be an additional bid relating to work to be undertaken within the District by North Worcestershire Water Management.

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It was noted that the Medium term Financial Plan would be considered at Cabinet on 26th February 2014 and that recommendations would be made to the Council which was to take place on the same date.

RESOLVED that the current position for 2014/2015 – 2016/2017 be noted and that officers be requested to review the savings that can be delivered in order to achieve a balanced budget.

The meeting closed at 7.15 p.m.

Chairman

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26th FEBRUARY 2014

MEDIUM TERM FINANCIAL PLAN 2014/15 – 2016/17

Relevant Portfolio Holder	Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering (Exec Director)
Wards Affected	All
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

1.1 To enable Members to consider the revenue budget 2014/15- 2016/17.

2. RECOMMENDATIONS

2.1 Cabinet is asked recommend to Full Council:

- 1) Approve the bids of £206k as detailed in Appendix 1**
- 2) Approve the unavoidable pressures as detailed in Appendix 2 of;**

2014/15 £369k
2015/16 £210k
2016/17 £232k

- 3) Approve of the use of balances of £251k for 2014/15**
- 4) Approve the savings as detailed at Appendix 3**
- 5) Approve the increase in Council Tax of 1.9% for 2014/15**
- 7) Approve the pay policy as attached at Appendix 4**

3. KEY ISSUES

Financial Implications

- 3.1 The Council's Medium Term Financial Plan (MTFP) provides the framework within which the revenue and capital spending decisions can be made over a 3 year period. It is revised and updated on an annual basis to take into account any alterations that may be required as a result of changes that impact on the Councils services.
- 3.2 As part of the review officers consider the impact of demand on service and the costs associated with this demand. This may result in additional costs (associated with maintaining current service delivery) or reductions in anticipated income revenue over the next 3 years.

3.3 As Members are aware there are considerable additional cost pressures facing the Council over the next 3 years as a result of a number of issues including:

- Reduction in Government Grant Settlement
- Changes to welfare reform and the impact on the Council from residents service need
- Cuts to County Council Funding
- Transfer from Housing Benefit to Universal Credit
- Impact of any reduction in Business Rates
- Impact of the current National Economy

3.4 Officers have and will continue to work with our partners to identify the costs that may be associated with some of these changes.

Formula Grant / Localised Business Rates

3.5 As Members are aware there has been a significant reduction in Central Government funding over the last 4 years. The level of grant for 2014/15 is £495k less than 2013/14 (13% cut) with a further £498k reduction proposed for 2015/16.

3.6 From April 2013 part of the Government Grant contains this council's share of localised business rates. For 2014/15 this amounts to £1.5m. If business rates grow above the governments assessed baseline, then this council keeps a proportion of this funding. The opposite applies for any losses with the Council having to repay some of its formula funding.

3.7 The Council joined a business rates pool with a number of Councils in the Greater Birmingham and Solihull LEP to mitigate against the risk of having to repay grant funding or major losses whilst benefitting from a wider pool of potential business rate growth.

3.8 The long term effect of the localisation of business rates and the benefits of being a member of the pool are still uncertain and will be reviewed annually. The treatment of appeals relating to years prior to the commencement of the Business Rates localisation are payable by the Council and work is ongoing with the valuation office to assess the impact of these appeals on the budget position.

3.9 For the purposes of the Financial Plan period future years business rates performance is assumed to be at the baseline level, adjusted to reflect any projected surpluses or losses to the position.

New Homes Bonus

- 3.10 The Council received New Homes Bonus in the current year of £687k. It is prudent to assume that in future years that this figure will increase as a result of additional houses being developed together with the assumed increase in taxbase of 0.5% per annum. This would raise an estimated £950k in 2014/15 and by 2016/17 it is estimated that the Council would benefit by £1.2m of New Homes Bonus.
- 3.11 As agreed in the current financial plan any income received from New Homes Bonus grant will be utilised to offset the pressures facing the Council.

Council Tax

- 3.12 To ensure that necessary levels of funding are available given the large reductions in government grant highlighted above, then Council Tax increases will have to be sufficient to ensure that funding is available for the services that create value to the customer have appropriate levels of financial resource.
- 3.13 As Members may be aware the Government has offered a 1% Council Tax Freeze grant to enable Councils to not increase Council Tax for 2014/15. This would generate approximately £60k for 2014/15 which would be lost once the grant is removed in 2016/17. The increase currently included in the financial planning proposal is 1.9% which will realise over £120k pa and will provide an increase to the base each year.

Transformation

- 3.14 The significant reductions in funding are not anticipated to improve for a number of years and therefore officers have looked at alternative ways to deliver savings whilst improving services to the community. As previously reported the services provided by the Council are undergoing transformational change using a different approach to assessing the value provided by the service. This work will focus on the purpose of services to the community and will aim to realise savings and protect those services that create value to our customers.
- 3.15 As reported previously officers will continue to review the financial position of the authority within a framework of financial principles. These are:
- Reduce Waste in a system (Stop it now)
 - Design a new system to reduce waste and cost

- Reduce the costs associated with enabling service provision rather than those that create the value to the customer.
- 3.16 There are 3 levels of costs associated with services delivered by the Council;
- Create Value – these are the costs to deliver front line service, those which create real value to the customer
 - Add Value – these costs provide support to those services on the front line. They add value to the customer but do not directly deliver the service
 - Enable – there are a number of costs that relate to the enabling functions across the Council. These include the management and support services that provide advice and support to the services who add and create value. As part of the financial principles officers are looking at the ratio of the cost of the enabling function compared with those that create value with the aim to align resources to those that provide the most value to our customers.
- 3.17 Any additional income currently generated that delivers more than the target revenue has been built into the projections as a revised target to achieve.
- 3.18 Officers have also identified a number of budget pressures that have either been deemed “unavoidable”. Unavoidable includes the ongoing effects of pressures identified during 2013/14 together with any issues that have been raised as fundamental to maintaining service provision as part of the budget process. In addition income shortfalls that cannot be managed by improved marketing or price increases have been addressed during the budget planning. These pressures are detailed in Appendix 2 and include:
- Reduction in funding from other agencies for the delivery of Council services. These include
 - Worcestershire County Council – reduction in funding for the customer service centre £25k
 - Worcestershire County Council – reduction in funding for the Essential Living Fund £60k
 - Worcestershire County Council – potential withdrawal of contract for Lifeline Contract £31k
 - DWP – cut in grant funding associated with the administration of Housing Benefit £27k
 - Additional pension costs resulting from the new assessment (£54k)
 - Additional one year accommodation costs to be offset by future savings on the move to Parkside School (£130k)
 - Costs associated with the Independent Electoral Registration (£17k)

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- Shortfall on income due to reduction in take up of services (£17k)

Financial Position

3.19 The summary position below includes the financial impact of the above in addition to the following assumptions:

- 1% pay award in relation to inflationary increase. This will be subject to the National negotiation that the Council is signed up to.
- General inflationary increases in relation to contract arrangements
- Inclusion of the provisional settlement for 2014/15 & 2015/16
- 3% increase in fees and charges (where appropriate)
- Potential costs of the development of Parkside with the County Council
- Increased pension contributions as agreed with the actuary to reduce the pension fund deficit over a 21 year period
- Potential costs of a new Leisure Centre of £11.5m from 2014/15 (this will be subject to formal feasibility appraisal and member agreement)
- An estimation of the New Homes Bonus income
- Additional income estimated in relation to the Business Rates receivable by the Council

3.20 The revised position is shown below.

	2014-15	2015-16	2016-17
	£000	£000	£000
Departmental Expenditure	11,605	11,504	11,271
Unavoidable Pressures	369	210	232
Bids	206		0
Savings identified	-743	-400	0
Net Service Expenditure	11,437	11,314	11,503
Investment Income	-58	-58	-58
Cost of Borrowing	283	726	1,008
Recharge to Capital Programme	-25	-25	-25
Net Operating Expenditure	11,637	11,957	12,428
Funding from balances	-251	-326	-518
Revenue Support Grant	-1,716	-1,175	-893
Business Rates Retention	-1,555	-1,598	-1,598
Business Rates Growth	-176	-176	-176
Funding from Reserves (re Essential Living Fund)	-60		
New Homes Bonus	-950	-1,076	-1,202
Collection Fund Surplus (Council Tax)	-97	0	0
Council Tax - based on 1.9%	-6,832	-6,993	-7,157
Funding Total	-11,638	-11,344	-11,544
Shortfall	0	613	884

Appendix 1 details the revenue bids that have been requested to support the delivery of strategic purposes over the next 3 years.

Savings currently identified at Appendix 3 include:

- Savings resulting from transformational redesign of systems and services of £495k
- General underspends offered up as future savings £123k
- Additional income received for services delivered £55k

General Fund Balances

- 3.21 The level of the general fund balance is currently £3m. The projected use of balances in 2014/15 is £251K leaving £2.8m. This level of balances is in excess of the £1.1m as approved by members as the required level in the current climate. The £3m will not provide sufficient funds to support the shortfall currently projected over the 3 years and therefore officers will continue to review their budgets to mitigate the financial risk to the Council.

Pay Policy

- 3.22 The Localism Act requires English and Welsh local authorities to produce a Pay Policy Statement ('the statement'). The Act requires the statement to be approved by Full Council and to be adopted by 31st March 2014 for the financial year 2014/15. The Pay Policy Statement for the Council is included at Appendix 4.

The statement must set out policies relating to—

- (a) the remuneration of its chief officers,
- (b) the remuneration of its lowest-paid employees, and
- (c) the relationship between—
 - (i) the remuneration of its chief officers, and
 - (ii) the remuneration of its employees who are not chief officers.

The provisions within the Localism Act bring together the strands of increasing accountability, transparency and fairness in the setting of local pay

Legal Implications

Local Government Act 2003

- 3.23 There are a number of requirements that the Council's Section 151 Officer (the Council's designated Senior Finance Officer) has to include in the budget report. These are set out below, together with S.151 comments on each of the issues:
- a) The level and use of reserves to be formally determined by the Council must be informed by the judgement and advice of the Chief Financial Officer (CFO).

Section 151 Officer's comments: Review of general fund balances included above in report (3.21).

- b) The CFO to report the factors that have influenced his/her judgement in the context of the key financial assumptions underpinning the budget, and ensure that his/her advice is formally recorded. Where that advice is not accepted, this should be formally recorded in the minutes of the meeting.

Section 151 Officer's comments: The main assumptions included in the calculation of the budget are included within the report. The budget updates and considerations at previous Committee meetings have been formally recorded.

- c) The report should include a statement showing the estimated opening balance on general fund reserves for the year ahead, any contribution to/from the fund, and the estimated closing balance.

Section 151 Officer's comments: statement included in this report (3.21)

- d) The report should show the extent to which reserves are financing ongoing expenditure.

Section 151 Officer's comments: included in the report. Proposal to utilise balances over 3 year period to support financial position of the Council.

- e) The report should include a statement from the CFO on the adequacy of general reserves and provisions both for the forthcoming year and in the context of the medium term financial plan.

Section 151 Officer Comments: the Council holds adequate reserves to manage future liability and financial constraints as detailed in 3.26.

- f) The report should include a statement on the annual review of earmarked reserves showing:
 - i) list of earmarked reserves
 - ii) purpose of reserve
 - iii) advice on appropriate levels
 - iv) estimated opening / closing balances
 - v) planned additions / withdrawals.

Section 151 Officer's Comments: The current reserves are reported on a regular basis through the financial monitoring reports .

- 3.24 The Council has a legal responsibility to set a balanced budget under the Local Government Act 2003.

Service / Operational Implications

- 3.25 The MTFP will enable services to be maintained and, where achievable, improvements to the community.

Customer / Equalities and Diversity Implications

- 3.26 The impact on the customer has been reduced due to the savings being realised by reduction of waste in the services and ensuring that all service that create value to the customer are resourced.

4. RISK MANAGEMENT

- 4.1 To mitigate the risks associated with the financial pressures facing the Authority regular monitoring reports are presented to both officers and Members to enable proactive action being undertaken to address any areas of concern.

5. APPENDICES

Appendix 1 – Revenue Bids 2014/15 – 2016/17

Appendix 2 – Unavoidable Pressures 2014/15 – 2016/17

Appendix 3 – Revenue Savings 2014/15 – 2016/17

Appendix 4 – Pay Policy

AUTHOR OF REPORT

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NEW REVENUE BIDS 2014/15 - 2016/17

APPENDIX 1

Strategic Purpose	2014-15 £'000	2015-16 Y/N (continue funding)	2016-17 Y/N (continue funding)	Comments - Link to Purpose
Help me Run a Successful Business				
Small Business Saturday free parking	6	Y	Y	Free Car Parking on the Small Business Saturday to support small Business in the Town Centre and improve footfall
Land Drainage	12	Y	Y	to increase funding from £8K to £20K to enable flooding and drainage works to be undertaken.
Funding for Town Centre Officer	38	Y	y	To enable the continued availability of the specific officer for completion of the Parkside and other Town Centre projects for a 3 year period. An estimation has been made for the income to be received from work with other Councils.
Provide Good Things for me to See, Do and Visit / Help me Run a Successful Business				
Arts and Cultural Programme	150	N	N	To support arts and cultural events in the District to improve the Economy and footfall in the Town Centre. A 6 year programme (£25k pa) with annual economic assessments undertaken to review the success of the funding. Projects to include; Bromsgrove International Young Musicians Festival and enhancement of Bromsgrove Festival together with other events to bring inward investment into the District.
Total Bids	206	0	0	

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UNAVOIDABLE REVENUE PRESSURES 2014/15 - 2016/17

APPENDIX 2

Description	2014-15 £'000	2015-16 £'000	2016-17 £'000	Comments
Legislative Costs / Grant reductions				
Additional Pension Funding required	54	70	72	Impact of the Actuarial revaluation of the deficit funding required over 21 year period
Legislation - changes in employer NI contributions	0	0	160	Estimate of increase in employer NI costs resulting from changes in second state pension legislation
Individual Elector Registration	17	Y	Y	Additional Costs associated with the Individual Elector Registration
BDC Local & Parish Election	0	140		Costs associated with the BDC Local & Parish Election
DWP Admin Subsidy Grant	27	Y	Y	Reduction in the grant payable from the DWP in relation to Housing Benefit Administration
Reduction in WCC funding for Essential Living Fund	60		0	Reduction in the grant payable from Worcestershire County Council in relation to the Essential Living Fund payments.
Lifeline - WCC contract ending	31	Y	Y	Potential reduction in income from WCC in April should contract be terminated
Reduction in hosting charges	25	Y	Y	Reduction in hosting charge for WRS due to WCC cuts in service provision. Offset by savings.
WCC Income	25		Y	Reduction in contribution from WCC for Customer Service Centre
Service Costs				
Accommodation Costs	130	Y	Y	Accommodation costs of transferring staff to Redditch Council House in readiness for move to Parkside. To be offset by savings in 2015/16 relating to the reduction in premises costs once the Parkside move is undertaken
TOTAL	369	210	232	

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REVENUE SAVINGS 2014/15 - 2016/17

APPENDIX 3

Strategic Purpose	2014-15 £'000	2015-16 Y/N (continue saving)	2016-17 Y/N (continue saving)	Comments General / Service Redesign / Additional Income
Enabling				
Worcestershire Regulatory Services	-50	Y	Y	Savings generated from the service review within WRS
Customer Services	-59	Y	Y	Service review following redesign of the service to mitigate impact of WCC cuts to funding
Audit Fees	-15	Y	Y	Contract reduction in Audit Fees
Director of Planning	-29	N	N	
Head of Service Restructure (Finance and Resources)	-42	Y	Y	Savings from the redesign of the management team within Financial Resources
Valuation Services (Property)	-37	Y	Y	Renegotiation of Contract for Services
Replacement Financial System	-20	Y	Y	Review of costs associated with new financial system
Financial Services ; Accountancy / Payments / Payroll	-35	Y	Y	Redesign of the financial services section
Legal & Democratic Services redesign	-22	Y	Y	Review of vacant posts and redesign of the service provided
Legal Services	-8	Y	Y	General Reductions on budgets following review
Transformation	-62	Y	Y	Renegotiation of Contract for Services

REVENUE SAVINGS 2014/15 - 2016/17

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Strategic Purpose	2014-15 £'000	2015-16 Y/N (continue saving)	2016-17 Y/N (continue saving)	Comments General / Service Redesign / Additional Income
Accommodation running costs (Parkside)	0	-250	Y	Savings realised from the move to Parkside and the associated reduction in premise costs
Keep my Place, Safe and Looking Good				
CCNY Contract	-32	Y	Y	Additional income generated from out of hours contract for CCTV and Lifeline
Career break for 3 months	-4	N	N	General savings from reduction in costs
Garden Waste (2015/16)	0	-150	Y	Additional income from increasing the charge for Garden Waste to £45 pa
Environmental Services - Redesign of service delivery	-108	Y	Y	Redesign of the support and other services within Environmental to include; bereavement, waste collection and management
Planning Services (Building Control)	-14	Y	Y	Review of vacant posts
Provide Good Things for me to See, Do and Visit				

REVENUE SAVINGS 2014/15 - 2016/17

APPENDIX 3

Strategic Purpose	2014-15 £'000	2015-16 Y/N (continue saving)	2016-17 Y/N (continue saving)	Comments General / Service Redesign / Additional Income
Leisure Services redesign of provision and structure to deliver service	-151	Y	Y	Redesign of the support and other services within Leisure and Cultural Department
Additional Market Income	-25	Y	Y	Additional income generated at the market
Help me Run a Successful Business				
Town Centre Manager	-30	0		Income realised from the Town Centre Manager post working with other Councils
TOTAL	-743	-400	0	

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BROMSGROVE DISTRICT COUNCIL PAY POLICY STATEMENT

Introduction and Purpose

1. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as authority thinks fit”. This pay policy statement sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011. It shall apply for the financial year 2014 – 2015 and each subsequent financial year, until amended.
2. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees by identifying;
 - a. the methods by which salaries of all employees are determined;
 - b. the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
 - c. the Committee(s) responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and for recommending any amendments to the full Council
3. Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, in accordance with the relevant legislation prevailing at that time.

Legislative Framework

4. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality proofed Job Evaluation mechanisms. These directly relate salaries to the requirements, demands and responsibilities of the role.

Pay Structure

5. The Council’s pay and grading structure comprises grades 1 – 11. These are followed by grades for Managers 1 - 4, Head of Service 2, Head of Service 1, Director, Executive Director, Deputy Chief Executive and then Chief Executive; all of which arose following the introduction of shared services with Redditch Borough Council and which specifically accommodate the joint management team for shared services.
6. Within each grade there are a number of salary / pay points. Up to and including grade 11 scale, at spinal column point 49, the Council uses the nationally negotiated pay spine. Salary points above this are locally determined. The Council’s Pay structure is set out below.

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Scale	Spinal Column Points		Nationally determined rates	
			Minimum £	Maximum £
1	4	9	12,266	13,725
2	9	14	13,725	15,882
3	13	17	15,598	16,998
4	17	22	16,998	19,817
5	21	25	19,317	21,734
6	25	30	21,734	25,727
7	30	36	25,472	30,011
8	35	40	29,528	33,998
9	39	43	33,128	36,676
10	42	46	35,784	39,351
11	45	49	38,422	42,032
Manager 1	Hay evaluated	42%	51,500	53,600
Manager 2	Hay evaluated	43.7%	53,600	55,800
Manager 3	Hay evaluated	45.6%	55,800	57,750
Manager 4	Hay evaluated	47.1%	57,750	60,600
Head of Service 1	Hay evaluated	50%	61,250	63,750
Head of Service 2	Hay evaluated	60%	73,500	76,500
Director	Hay evaluated	67%	82,000	85,000
Executive Directors	Hay evaluated	72.5%	89,000	92,500
Deputy Chief Executive	Hay evaluated	80%	98,000	102,000

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Chief Executive	Hay evaluated		122,500	127,500
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7. All Council posts are allocated to a grade within this pay structure, based on the application of a Job Evaluation process. Posts at Managers and above are evaluated by an external assessor using the Hay Job Evaluation scheme. This scheme identifies the salary for these posts based on a percentage of Chief Executive Salary. Posts below this level (which is the majority of employees) are evaluated under a different Job Evaluation process. Where posts are introduced as part of a shared service, and where these posts are identified as being potentially too 'large' and 'complex' for this majority scheme, they will be double tested under the Hay scheme, and where appropriate, will be taken into the Hay scheme to identify levels of pay.
8. In common with the majority of authorities the Council is committed to the Local Government Employers national pay bargaining framework in respect of the national pay spine and annual cost of living increases negotiated with the trade unions.
9. There have been no increases in the national pay spine since April 2013. There have been no increases to the pay rates for the Chief Executive or Chief Officers since April 2008.
10. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community; delivered effectively and efficiently and at all times those services are required.
11. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.
12. For staff not on the highest point within the salary scale there is a system of annual progression to the next point on the band, which can be made subject to satisfactory performance.

Senior Management Remuneration

13. For the purposes of this statement, senior management means 'chief officers' as defined within S43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2013.

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14. Bromsgrove District Council is managed by a senior management team who manage shared services across both Redditch Borough and Bromsgrove District Councils. All of the posts listed below have been job evaluated on this basis, with the salary costs for these posts split equally between both Councils.

Title	% of Chief executive salary	Pay range (minimum)	Pay range (maximum)	Incremental points	Average Cost to Bromsgrove District Council
Chief Executive	100%	£122,500	£127,500	3	£62,500
Director of Leisure, Environment and Community Services. (Also Deputy Chief Executive / Executive Director (Council 'lead officer'))	80%	£98,000	£102,000	3	£50,000
Director of Planning and Regeneration, Regulatory and Housing Services	72.5%	£89,000	£92,500	3	£45,375
Director of Finance and Resources. (Also section 151 Officer and Council 'lead' officer)	72.5%	£89,000	£92,500	3	£45,375
Head of Planning and Regeneration	60%	£73,500	£76,500	3	£37,500
Head of Customer Access and Financial Support	50%	£73,500	£76,500	3	£37,500

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Head of Business Transformation	60%	£73,500	£76,500	3	£37,500
Head of Legal, Equalities and Democratic Services	60%	£73,500	£76,500	3	£37,500
Head of Environmental Services	60%	£73,500	£76,500	3	£37,500
Head of Leisure and Cultural Services	60%	£73,500	£76,500	3	£37,500
Head of Community Services	60%	£73,500	£76,500	3	£37,500

Recruitment of Chief Officers

15. The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules as set out in the Council's Constitution. When recruiting to all posts the Council will take full and proper account of its own equal opportunities, recruitment and redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.
16. Where the Council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any Chief Officers under such arrangements.

Performance-Related Pay and Bonuses – Chief Officers

17. The Council does not apply any bonuses or performance related pay to its chief officers. Any progression through the incremental scale of the relevant grade is subject to satisfactory performance which is assessed on an annual basis

Additions to Salary of Chief Officers (applicable to all staff)

18. In addition to the basic salary for the post, staff may be eligible for other payments under the Council's existing policies. Some of these payments are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties. The list below shows some of the kinds of payments made.
- Reimbursement of mileage. At the time of preparation of this statement, the Council pays an allowance of 45p per mile for all staff, with additional or alternative payments for carrying passengers or using a bicycle;
 - Professional fees. The Council pays for or reimburses the cost of one practicing certificate fee or membership of a professional organisation provided it is relevant to the post that an employee occupies within the Council.

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- c. Long service awards. The Council pays staff an additional amount if they have completed 25 years of service.
- d. Honoraria, in accordance with the Council's policy on salary and grading. Generally, these may be paid only where a member of staff has performed a role at a higher grade;
- e. Fees for returning officer and other electoral duties, such as acting as a presiding officer of a polling station. These are fees which are identified and paid separately for local government elections, elections to the UK Parliament and EU Parliament and other electoral processes such as referenda;
- f. Pay protection – where a member of staff is placed in a new post and the grade is below that of their previous post, for example as a result of a restructuring, pay protection at the level of their previous post is paid for the first 12 months. In exceptional circumstance pay protection can be applied for greater than 12 months with the prior approval of the Chief Executive.
- g. market forces supplements in addition to basic salary where identified and paid separately;
- h. salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies, where identified and paid separately;
- i. attendance allowances (payable to certain employees who meet relevant criteria)

Payments on Termination

- 19. The Council's approach to discretionary payments on termination of employment of chief officers prior to reaching normal retirement age is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007
- 20. Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members with delegated authority to approve such payments.
- 21. Redundancy payments are based upon an employee's actual weekly salary and, in accordance with the Employee Relations Act 1996, will be up to 30 weeks, depending upon length of service and age.

Publication

- 22. Upon approval by the full Council, this statement will be published on the Council's website. In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note on Officers Remuneration setting out the total amount of:
 - a. Salary, fees or allowances paid to or receivable by the person in the current and previous year;
 - b. Any bonuses so paid or receivable by the person in the current and previous year;
 - c. Any sums payable by way of expenses allowance that are chargeable to UK income tax;
 - d. Any compensation for loss of employment and any other payments connected with termination;
 - e. Any benefits received that do not fall within the above.

Lowest Paid Employees

- 23. The Council's definition of lowest paid employees is persons employed under a contract of employment with the Council on full time [37 hours] equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure. As at 1st April 2013, this is £12266.00 per annum, no employees are paid on this pay scale.

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24. The Council also employs Apprentices (or other such categories of workers) who are not included within the definition of 'lowest paid employees' (as they are employed under a special form of employment contract; which is a contract for training rather than actual employment).
25. The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement.
26. The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that "it would not be fair or wise for the Government to impose a single maximum pay multiple across the public sector". The Council accepts the view that the relationship to median earnings is a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.
27. The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee and the Chief Executive as 1:10.4 and; between the lowest paid employee and average chief officer as 1:6.34. The multiple between the median (average) full time equivalent earnings and the [Chief Executive] is [1:5.0] and; between the median (average) full time equivalent earnings and average chief officer is [1:3.15].
28. As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

Accountability and Decision Making

29. In accordance with the Constitution of the Council, Cabinet and Overview and Scrutiny Board are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

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