



BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

WEDNESDAY 25TH FEBRUARY 2015
AT 4.00 P.M.

COMMITTEE ROOM, THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE

MEMBERS: Councillors M. A. Sherrey (Leader), C. B. Taylor (Deputy Leader),
D. W. P. Booth, M. A. Bullivant, R. L. Dent 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 4th February 2015 (Pages 1 - 6)
4. Medium Term Financial Plan 2015/16 - 2017/18 (Pages 7 - 26)

K. DICKS
Chief Executive

The Council House
Burcot Lane
BROMSGROVE
Worcestershire
B60 1AA

17th February 2015

This page is intentionally left blank

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE CABINET

4TH FEBRUARY 2015 AT 6.00 P.M.

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

Observers: Councillors S. R. Colella and L. C. R. Mallett

Invitees: Councillor S. P. Shannon

Officers: Ms. J. Pickering, Mr. J. Godwin, Mrs. S. Sellers Mr. D. Allen and
Ms. R. Cole

76/14 **APOLOGIES**

There were no apologies for absence.

77/14 **DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

78/14 **MINUTES**

The minutes of the meeting of the Cabinet held on 7th January 2015 were submitted.

RESOLVED that the minutes of the meeting of the Cabinet held on 7th January 2015 be approved as a correct record.

79/14 **AUDIT BOARD**

The minutes of the meeting of the Audit Board held on 11th December 2014 were submitted.

RESOLVED that the minutes of the meeting of the Audit Board held on 11th December 2014 be noted.

80/14 **OVERVIEW AND SCRUTINY BOARD**

The minutes of the meeting of the Overview and Scrutiny Board held on 15th December 2014 were submitted.

RESOLVED that the minutes of the meeting of the Overview and Scrutiny Board held on 15th December 2014 be noted.

81/14 **SHARED SERVICES BOARD**

The minutes of the meeting of the Shared Services Board held on 12th January 2015 were submitted.

RESOLVED that the minutes of the meeting of the Shared Services Board held on 12th January 2015 be noted.

82/14 **OVERVIEW AND SCRUTINY BOARD SHORT SHARP REVIEW - CAR PARKING**

The Cabinet received the report of the Overview and Scrutiny Board Short Sharp Review on Car Parking.

The Leader invited the Chairman of the Short Sharp Review , Councillor S. P. Shannon to present the outcome of the review. Councillor Shannon gave a general introduction to the work which the cross party review had undertaken and. Councillor Shannon expressed the hope that the Cabinet would give serious consideration to the three recommendations .

In relation to Recommendation 1, it was stated that whilst the Review Group had noted the recent Cabinet decision to introduce free parking after 7pm, there had been some disappointment that this had been agreed before any outcome of the review was known. The Review Group, after some investigation and research had felt that free car parking on Sundays rather than in the evening would have a greater impact on footfall and therefore would bring more benefit to the Town and local businesses. Whilst a large number of restaurants and other businesses were already opening in the evening there were fewer businesses opening on a Sunday.

Recommendation 2 relating to the expansion of the Pay on Foot system into other car parks had also been a recommendation put forward by the Recreation Road South Car Park Task Group in August 2011.

Councillor Shannon also referred to Recommendation 3 which related to the re-introduction of a car parking permit for the over 65 year olds, which again it was considered would increase footfall into the Town Centre and contribute to the regeneration of the Town Centre. This had been supported by the Bromsgrove Older People's Forum.

The Portfolio Holder, Councillor M. A. Bullivant thanked the Review Group for their work but stated that the report did not examine the future needs of the Town Centre in the light of forthcoming developments in the area. In addition insufficient consideration had been given to the current financial position of the Council.

Members expressed concern over the cost of implementation of the Review Group's proposals and felt that there was still room for expansion in the Town Centre night time economy which would benefit from the introduction of free parking after 7.00pm. Reference was made to the substantial investment this

Council had made in the regeneration of the Town Centre together with the County Council and the Heritage Lottery Fund.

The Cabinet then considered the recommendations of the Review Group.

Recommendation 1

That free car parking on a Sunday be introduced for a 6 month trial period, to include the summer period in order to encourage people to visit the town centre.

Cabinet Response

This recommendation was not approved in view of the cost involved and the introduction of free parking in the evening from 7.00 pm.

Recommendation 2

That the Pay on Foot system be expanded to other car parks as part of the Town Centre Regeneration Programme, for example at the Hanover Street Car Park and the Dolphin Centre.

Cabinet Response

This recommendation was not approved in view of the likely high costs involved and the lack of a Cost Benefit Analysis.

Recommendation 3

That a car parking permit scheme for the over 65 year olds be re-introduced in order to encourage people to visit the town centre on a more regular basis.

Cabinet Response

This recommendation was not approved in view of the lack of information available.

83/14

HOMELESSNESS GRANT FUNDING UPDATE AND BIDS FOR 2015/16

The Cabinet considered a report on the allocation of Homelessness Grant to specific schemes for 2015/16.

It was noted that the total amount available was £120,112 which included an underspend of £8,112 from 2014/15 arising from the unexpected termination of the MyPlace private tenancy scheme.

RESOLVED:

- (a) that the submissions for the funding of schemes during 2015/16 as set out in table 2 within the report be approved and be funded from the Council's Strategic Fund for Homelessness for 2015/16;

- (b) that the Head of Community Services, in consultation with the Portfolio Holder for Strategic Housing, be granted delegated authority to
 - (i) allocate any underspend during the year; and
 - (ii) make any further adjustments necessary to ensure full utilisation of the Strategic fund for Homelessness for 2015/16 in support of new or existing schemes.

84/14

MEDIUM TERM FINANCIAL PLAN 2015/16 - 2017/18

The Cabinet considered a report on the Medium Term Financial Plan for 2015/16 – 2017/18.

The Executive Director Finance and Resources referred to the budget setting process to date. Members were updated on the various issues which had impacted on the financial position of the Authority and the matters which they would need to take into consideration when determining recommendations to be made to the Council on 25th February 2015.

The Executive Director Finance and Resources reported on the pressures facing the Authority including potential further reductions in the Government Grant Settlement and changes to welfare reform. It was noted that Bromsgrove had gained £23,000 from participation in the Greater Birmingham and Solihull Business Rates Pool which had been included as funding for use by small businesses in 2015/16.

Members' attention was drawn to a number of unavoidable pressures which were included in Appendix 1 to the report. These included a reduction in funding from Worcestershire County Council of £26,000 in relation to funding for the Customer Services Centre and the shortfall in anticipated income from car parking and the garden waste collection service. In addition it was noted that following a required review of the charging mechanism, the proportion of the costs of the Building Control Service to be met by this Council would increase.

Members noted the work undertaken by officers to maximise savings through transformation and to continue to consider alternative ways of providing improved services to the Community. The Executive Director Finance and Corporate Resources stated that officers were aware of the need to continue to review budgets to avoid the shortfall predicted over the three years and to mitigate the financial risk to the Council.

The Portfolio Holder for Finance reported in detail on the New Homes Bonus Scheme and referred to the work undertaken by the New Homes Bonus Group which had taken into account views from the public via Public Forums and consultations.

It was reported that whilst the scheme for determining the distribution of New Homes Bonus Funding had been agreed, there was now a need to consider the level of funding to be allocated to the scheme during 2015/16. It was suggested that for 2015/16, 25% of the New Homes Bonus Grant be allocated to the New Homes Bonus Scheme with the 25% being based on the District Council grant which will be received in 2015/16, which is attributable solely to the increase in funding from that received in 2014/15. It was noted that this sum would be £87,000. The NHB scheme had provision for an Annual review to be undertaken.

Members expressed the view that all areas of the District should benefit from difficult decisions taken by the Authority in the past which had led to savings being made. These had to be taken into consideration together with the future impact of any decision not to increase Council Tax. It was noted that a Government Grant was available equivalent to a 1% rise in Council Tax for Councils who freeze their Council Tax in the next financial year.

Members noted the new funding arrangements in respect of the Artrix which involved a grant to the Artrix of £60,000 per annum. Under the previous agreement a sum of £120,000 per annum had been paid over the last ten years. Members expressed support for the work undertaken by the Artrix but wished to ensure that the best use was made of the proposed funding. It was understood that certain information had been requested from the Artrix in relation to what was to be provided for residents in future and it was felt that the funding should be "ring fenced" until this was received and the position clarified.

The Portfolio Holder expressed thanks to the officers for the work undertaken on the Medium Term Financial Plan.

RECOMMENDED:

- (a) that the following revenue bids be approved:

2015/16 – 2017/18

£30,000 in relation to providing financial support under the Essential Living Fund Framework

2015/16

£23,000 in relation to providing support to economic development projects to be funded from the income received from the Greater Birmingham and Solihull Business Rates Pool;

- (b) that the unavoidable pressures as detailed in Appendix 1 to the report be approved as follows:

2015/16 - £380,000

2016/17 – Nil

2017/18 - £45,000;

- (c) that the savings as detailed in Appendix 2 to the report be approved as follows:

2015/16 - £547,000
2016/17 - £222,000
2017/18 - £25,000;

- (d) that the Council Tax be frozen for 2015/16 and the net position of £63,000 be released from balances in 2015/16;
- (e) that 25% of the New Homes Bonus Grant be allocated to the NHB Scheme, with the 25% to be based on the District Council grant which will be received in 2015/16 which is attributable solely to the increase in funding from that received in 2014/15. This will equate to £87,000;
- (f) that £87,000 be released from balances to fund the New Homes Bonus Community Scheme; and
- (g) that the following be released from balances:

2016/17 - £59,000
2017/18 - £58,000

85/14

PLAYING PITCH STRATEGY - 2015 - 2018

The Cabinet considered a report on the introduction of a revised Playing Pitch Strategy 2015-2018 for the District.

It was reported that the Playing Pitch Assessment had been developed in line with Sport England's Playing Pitch Guidance 2013 and had been supported and endorsed by National Governing bodies at the Regional level and by the Council's Strategic Planning section.

It was noted that the Assessment had been undertaken to establish whether there was sufficient playing pitch provision in Bromsgrove. The Strategy would provide this Authority with an evidence base to identify sources of future investment, identify planning gain and access external grant funding. Funding could then be allocated to increase the number of pitches and the quality of future provision for example by improvements to drainage and provision of changing rooms.

The Portfolio Holder thanked officers for what was a significant piece of work which would assist the Authority to improve Playing Pitch provision either directly through the use of planning gain funding or by officers working together with clubs and other organisations.

RESOLVED that the revised Playing Pitch Strategy 2015-2018 be approved and endorsed.

The meeting closed at 7.15 p.m.

Chairman

CABINET

25^h FEBRUARY 2015

MEDIUM TERM FINANCIAL PLAN 2015/16 – 2017/18

Relevant Portfolio Holder	Michael Webb
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 to consider the final revenue position and the Capital Programme for 2015/16 – 2017/18.

2. RECOMMENDATIONS

2.1 Cabinet is asked to recommend to Full Council

2.1.1 The approval of the release from balances of :
 2016/17 £136k
 2017/18 £137k

2.1.2 Approve the Capital Programme as attached at Appendix 1:
 2015/16 £712k
 2016/17 £573k
 2017/18 £822k

2.1.3 Approve the pay policy as attached at Appendix 2

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. The plan addresses how the Council will provide financial funding to the Strategic Purposes and ensure residents receive quality services to meet their needs in the future. The Purposes that drive the financial considerations are :

- Help me find somewhere to live in my locality
- Provide good things for me to see, do and visit
- Help me live my life independently
- Help me run a successful business
- Help me be financially independent
- Keep my place safe and looking good

- 3.2 When reviewing the budget projections 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 continue to be considerable pressures facing the Council over the next 3 years as a result of a number of issues including:
- Continued reduction in Government Grant
 - Reduction in Council Tax Benefit Grant received
 - Changes to welfare reform and the impact on the Council from residents service need
 - Transfer from Housing Benefit to Universal Credit
- 3.4 Officers 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 The provisional settlement that was received recently by the Council for 2015/16 was as indicated previously at £2.814m. However this confirms the £500k reduction in the grant allocated for 2014/15. The grant includes a number of allocations that were previously received as separate funding streams and therefore the cut is across all funding received by Central Government.
- 3.6 Forecasting Government funding beyond 2015/16 is challenging, the key issue will be the outcome of the next Comprehensive Spending Review (CSR), due for publication after the General Election in May 2015. Recent Government and opposition announcements indicate that the austerity measures are set to continue into future years, in line with the Government's objective of achieving a budget surplus. Further estimated reductions on Formula Grant are therefore factored into the MTFP, in line with previous estimates.
- 3.7 The new localised regime on Business Rates (BR) took effect in April 2013. Bromsgrove is part of the Greater Birmingham and Solihull Business Rates Pool, set up as a mechanism to retain more BR growth funding within the area, and to manage risk on BR losses on a shared basis.
- 3.8 In the first year of this new regime, all members of the pool benefited financially from being in the pool. A net £750k growth levy was retained in the area which would have been returned to Central Government and following allocation of £307k to the LEP Growth Fund and payment of a Safety Net contribution to one of the Councils

Bromsgrove gained £23k from the pool which has been included as funding for use I 2015/16. This is higher than the comparable income that would have been available from the Worcestershire Pool.

New Homes Bonus

- 3.9 The Council has received notification that the New Homes Bonus (NHB) total grant for 2015/16 will be £1.298m. This includes the 2015/16 grant of £348k which is significantly higher than the £126k included in the original budget estimates. This is due to the number of properties in the District increasing during 2014/15. A review of future years has been made and additional properties have been included in the medium term plan calculations. The Finance team will work more closely with Planning in the future to ensure that a more accurate estimate is used for projections.
- 3.10 As Members are aware all income received from New Homes Bonus grant is currently used within the General Funds of the Council and is utilised to offset the pressures facing the Council over the medium term. The petition to Council in April 2014 requested members look at the opportunity of allocating New Homes Bonus to the communities that were affected by housing growth.
- 3.11 A scheme for distribution of NHB funding was agreed at Cabinet and Full Council in January. It was proposed at the Cabinet meeting on 4th February 2015 that 25% of the £348k new funding for 2015/16 be allocated towards the NHB Scheme. This would equate to £87k and would be funded from balances in 2015/16. The scheme would be reviewed on an annual basis and agreement reached on an annual basis as to how much would be allocated to the scheme.

Council Tax

- 3.12 To ensure that necessary levels of funding are available given the large reductions in government grant highlighted above, the 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 The government have offered a grant equivalent to a 1% rise in Council Tax for 2015/16 for councils who freeze their Council Tax in the next financial year. It was proposed at the Cabinet meeting on 4th February 2015 that the Council would freeze Council Tax for 2015/16 and accept the freeze grant from Government. The net cost of £63k for 2015/16, £136k for 2016/17 & 2017/18 would be funded from balances.

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 Members will be aware of the recent review to the provision of some services across a locality /place and the significant savings that have been identified whilst improving and enhancing the services to the community. In addition the work across customer services and departments continues to develop to ensure that an expert is on hand to support our residents.
- 3.16 Officers are focused on reducing costs of services that do not provide front line services to support the Strategic Purposes and will continue to drive out waste and redesign provision to reduce costs.

Current Position

- 3.17 Officers have also identified a number of budget pressures that have been deemed “unavoidable”. Unavoidable includes the ongoing effects of pressures identified during 2014/15 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. The pressures were agreed at the Cabinet meeting of 4th February and included :
- Shortfall in car parking income £62k resulting from a significant reduction in income from fixed penalty notices together with the impact of not increasing the charges in line with inflation (the initial budget included an element of inflationary increase)
 - Shortfall in garden waste income of £63k due to the increase in charge to £38 being less than the £45 originally anticipated
 - Reduction in funding from Worcestershire County Council in relation to funding for the customer service centre (HUB) of £26k.
 - Additional staffing resource within the Planning Service to meet demand
 - Additional costs relating to the review of charging for Building Control

3.18 In addition to the unavoidable pressures two revenue bids were agreed by Cabinet at 4th February.

- **Essential Living Fund £30k** - to provide funding for vulnerable members of the community when they need urgent financial support. County Council will provide match funding of £30k for 2015/16 and have recommended approval of £53k from a recent allocation from Central Government for welfare assistance and social care. This will enable funds of £113k to be made available for 2015/16.
- **Economic Development Projects £23k** – as part of the pooling arrangement with Greater Birmingham and Solihull the Council received £23k in 2014/15 from the levy allocation. It is proposed that this fund be allocated to support Economic Development activities across the District.

3.19 Officers have spent time reviewing how services are delivered across the Council to ensure that waste is eliminated and services are redesigned to reduce cost whilst ensuring that front line services adding value to the residents are protected. Savings were agreed at the Cabinet meeting on 4th February and include:

- Reviews with Customer Services / Fraud £126k
- Place review – Environmental & Community Services £144k
- Reduction in election costs as shared with General Election £60k

Financial Position

3.20 The final position at 3.21 includes the financial impact of the above in addition to the following assumptions:

- 2.2% pay award in relation to the National Agreement in place
- General inflationary increases in relation to contract arrangements
- A estimate of reduction for 2016/17 (10%) & 2017/18 (5%) in Central Government Grant
- 3% increase in fees and charges (where appropriate)
- Borrowing costs for the development of Parkside and the new Leisure Centre
- Borrowing costs of new fleet and plant for the Depot Services
- An estimation of the New Homes Bonus income
- Additional growth income estimated in relation to the Business Rates receivable by the Council
- A new funding arrangement for the Artrix at £60k pa following the completion of the previous 10 year agreement

3.21 The revised position is shown below.

	2015-16	2016-17	2017-18
	£000	£000	£000
Departmental Expenditure (Starting Position)	11,314	11,323	11,369
Exclude impact of one off savings / pressures		80	40
Additional re pay award / incremental progression	123	188	140
Bids	53		
Unavoidable Pressures (new in year)	380		45
Savings (new in year)	-547	-222	-25
Net Service Expenditure	11,323	11,369	11,569
Investment Income	-36	-24	-24
Cost of Borrowing	382	750	1,342
Recharge to Capital Programme	-26	-25	-25
Net Operating Expenditure	11,643	12,070	12,862
Funding of borrowing costs for Dolphin Centre from balances	-123	-331	-506
Revenue Support Grant	-1,190	-1,058	-947
Business Rates Retention (Baseline Funding)	-1,585	-1,598	-1,598
Business Rates Growth	-176	-176	-176
Funding from Business Rate Pool	-23		
New Homes Bonus	-1,298	-1,554	-1,685
New Homes Bonus Community Scheme	87		
Collection Fund Surplus (Council Tax)	-127	-	-
Council Tax	-6,989	-7,157	-7,231

Council Tax Freeze Grant (1% 2015/16 only)	-69		
Funding Total	-11,493	-11,874	-12,144
Shortfall	150	196	718
Proposed Funding from balances	-150	-196	-718
Final Position	0	0	0

3.22 It is proposed that there is a release from balances to meet the shortfalls in 2016/17 – 2017/18. In addition any funds allocated for the New Homes Bonus Scheme will be released from balances. This will ensure that the Council has a sustainable funding position over the 3 year financial plan but officers will continue to review services with the aim to redesign them to meet customer demand and reduce costs.

General Fund Balances

3.23 The level of the general fund balance is currently £3.7m. As previously agreed over £1m will be used to support the first 2 years borrowing costs for the new Leisure Centre. The use of balances for 2015/16 - 2017/18 will reduce the level by a further £1m to £1.7m. The remaining level of balances will be sufficient to cover the increased risks that will be placed upon the Council in the short term. However reliance on the balances is not sustainable in the longer term.

3.24 The estimated level of government funding over the MTFP will reduce more rapidly than the increase in Council Tax revenues. Consequently, there will be a continuing focus on transforming service delivery to reduce waste and to ensure that the funding available is aligned to the services that create value to the community of Bromsgrove.

Capital Programme

3.25 The Capital Programme is a 3 year rolling programme and officers are currently working to ensure that the level of expenditure falls within the current estimated project allocation. The majority of new schemes are funded from S106 and Reserves and therefore have no financial implications for the Council. The borrowing costs associated with any schemes not funded by grant or S106 have been factored into the summary statement. The Capital Programme is attached at Appendix 1 for consideration.

Pay Policy

- 3.26 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 2015 for the financial year 2015/16. The Pay Policy Statement for the Council is included at Appendix 2.

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

- 3.27 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 (3.23).

- 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 (3.23)

- 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 3.23.

- 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 .

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

Service / Operational Implications

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

Customer / Equalities and Diversity Implications

- 3.30 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 – Capital Bids 2015/16 – 2017/18

Appendix 2 – Pay Policy 2015/16

AUTHOR OF REPORT

Name: Jayne Pickering – Exec Director Finance and Resources
E Mail: j.pickering@bromsgroveandredditch.gov.uk
Tel: 01527-881400

NEW CAPITAL BIDS

Description	Funding	Department	2015/16 £'000	2016/17 £'000	2017/18 £'000	Commentary (link to priorities etc)
Vehicle Replacement Program	Borrowing /Reserve	Environmental Services	0	0	219	To meet the needs of replacing the fleet
Disabled Facilities Grant	Borrowing /Grant	Community Services	523	523	523	We receive £323k government grant £200k is from capital receipts.
	Capital receipt/Grant Total		523	523	742	
SAN (Storage Area Network)	Earmarked reserve	Business Transformation	75	0	0	To replace old electronic storage device (10 years old).
PSN compliance	Earmarked reserve	Business Transformation	10	10	30	Ongoing Public Service Network compliance costs
Fibre switches for SAN	Earmarked reserve	Business Transformation	20	0	0	Electronic storage solution and need replacing
Server infrastructure	Earmarked reserve	Business Transformation	0	0	50	To replace the corporate servers that will be 7 years old.
Upgrade Backup Solution	Earmarked reserve	Business Transformation	0	40		The backup solution will be over 10 years old at this time and needs to be updated to match the increasing capacity of electronic storage.
	Earmarked reserve Total		105	50	80	
Play provision for Town centre recreation	S106 play area & open places	Leisure Services	84	0	0	To improve the play provision in the Town Centre .
	S106 play area & open places Total		84	0	0	
	Grand Total		712	573	822	

This page is intentionally left blank

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 2015 – 2016 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 Favorable 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 current pay and grading structure comprises grades 1 – 6, S01 – S02, and M01 – M04. There are also grades for Managers 1 - 4, Head of Service 2, Head of Service 1, Director, Executive Director, Deputy Chief Executive and Chief Executive; all of which arise from the introduction of shared services with Bromsgrove District Council and which specifically accommodate the joint management team for shared services.
6. Within every grade there are a number of salary / pay points (spinal column points). Up to and including spinal column point 49 (at scale M04) the Council uses the nationally negotiated pay spine. Salary points above this are locally determined. This current complete pay structure is set out below.

Agenda Item 4

Grade	Spinal Column Points		Nationally determined rates	
			Minimum £	Maximum £
1	5	9	13,500	14,075
2	9	14	14,075	16,231
3	13	17	15,941	17,372
4	17	22	17,372	20,253
5	21	25	19,742	22,212
6	25	30	22,212	26,293
7	30	36	26,293	30,978
8	35	40	30,178	34,746
9	39	43	33,857	37,483
10	42	46	36,571	40,217
11	45	49	39,267	39,267

Manager 1	Hay evaluated	43%	52,530	54,672
Manager 2	Hay evaluated	45%	54,672	56,916
Manager 3	Hay evaluated	46%	56,916	58,905
Manager 4	Hay evaluated	48%	58,905	61,812
Head of Service 2	Hay evaluated	51%	62,475	65,025
Head of Service 1	Hay evaluated	61%	74,970	78,030
Director	Hay evaluated	68%	83,640	86,700
Executive Director	Hay evaluated	74%	90,780	94,350

Agenda Item 4

Deputy Chief Executive	Hay evaluated	82%	99,960	102,000
Chief Executive	Hay evaluated		122,500	127,500

7. All Council posts are allocated to a grade based on the application of a Job Evaluation process. Posts for Managers 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. Where posts are identified as being potentially too 'large' and 'complex' for the majority scheme, they are double tested under the Hay scheme, and where appropriate, are 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. 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.
10. 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.
11. 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

12. 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 January 2015.
13. Bromsgrove District Council is managed by a senior management team who manage shared services across both Redditch Borough and Bromsgrove District Councils.

Agenda Item 4

All of the posts listed below have been job evaluated on this basis, with the salary costs for these posts split equally between both Council's.

Title	% of Chief executive salary	Pay range (minimum)	Pay range (maximum)	Incremental points	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'))	82%	£99,960	£102,000	3	£50,490
Director of Finance and Resources. (Also section 151 Officer and Council 'lead' officer)	74%	90,780	94,350	3	£46,282
Head of Customer Access and Financial Support	61%	74,970	78,030	3	38,250
Head of Planning and Regeneration	61%	74,970	78,030	3	£38,250
Head of Transformation and Organisational Development	61%	74,970	78,030	3	£38,250
Head of Legal, Equalities and Democratic Services	61%	74,970	78,030	3	£38,250
Head of Environmental Services	61%	74,970	78,030	3	£38,250

Head of Leisure and Cultural Services	61%	74,970	78,030	3	£38,250
Head of Community Services	61%	74,970	78,030	3	£38,250

Recruitment of Chief Officers

14. 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.
15. 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

16. 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)

17. In addition to the basic salary for the post, all 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.
- a. 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;
 - b. 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.
 - 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

Agenda Item 4

- 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.

Payments on Termination

18. 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.
19. 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.
20. 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

21. 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

22. 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

Agenda Item 4

Council's grading structure. As at 1st January 2015 this is £13,500 per annum, which relates to the lowest point within the current grading structure. The grading will be subject to the implementation of the revised job evaluation scheme and pay model.

23. 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).
24. 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.
25. 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.
26. The current pay levels within the Council define the multiple between the lowest paid (full time equivalent) employee and the Chief Executive as [1:10.5] and; between the lowest paid employee and average chief officer as [1:5.8]. The multiple between the median (average) full time equivalent earnings and the [Chief Executive] is [1:6.7] and; between the median (average) full time equivalent earnings and average chief officer is [1:3.8].
27. 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

28. In accordance with the Constitution of the Council, the 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.

This page is intentionally left blank