

additional papers 1

# Executive Committee

Monday 18<sup>th</sup> February  
2013  
7.00 pm

Committee Room 2  
Town Hall  
Redditch



[www.redditchbc.gov.uk](http://www.redditchbc.gov.uk)

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**If you have any queries on this Agenda or any of the decisions taken or wish to exercise any of the above rights of access to information, please contact  
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# Welcome to today's meeting.

## Guidance for the Public

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### **Agenda Papers**

The **Agenda List** at the front of the Agenda summarises the issues to be discussed and is followed by the Officers' full supporting **Reports**.

### **Chair**

The Chair is responsible for the proper conduct of the meeting. Generally to one side of the Chair is the Committee Support Officer who gives advice on the proper conduct of the meeting and ensures that the debate and the decisions are properly recorded. On the Chair's other side are the relevant Council Officers. The Councillors ("Members") of the Committee occupy the remaining seats around the table.

### **Running Order**

Items will normally be taken in the order printed but, in particular circumstances, the Chair may agree to vary the order.

**Refreshments** : tea, coffee and water are normally available at meetings - please serve yourself.

### **Decisions**

Decisions at the meeting will be taken by the **Councillors** who are the democratically elected representatives. They are advised by **Officers** who are paid professionals and do not have a vote.

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# Executive

## Committee

18<sup>TH</sup> February 2013

7.00 pm

Council Chamber Town Hall

**5. Medium Term Financial Plan 2013/14 - 2015/16 and Council Tax Setting 2013/14**

(Pages 1 - 36)

Head of Finance and Resources

To consider to consider the current financial position for the revenue budget 2013/14- 2015/16 and to set the Council Tax for 2013/14.

(Report and appendices attached – PLEASE NOTE THAT THERE IS A REVISION TO THE VERSION OF THE TABLE IN PARAGRAPH 3.6 CIRCULATED ELECTRONICALLY ON MONDAY 11TH – THE AFFECTED FIGURES HAVE BEEN HIGHLIGHTED)

**(All Wards)**



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**MEDIUM TERM FINANCIAL PLAN & COUNCIL TAX SETTING 2013/14.**

Relevant Portfolio Holder	Councillor Phil Mould, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Teresa. Kristunas, Head of Finance and Resources
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Key Decision	

**1. SUMMARY OF PROPOSALS**

To enable Members to consider the current financial position for the revenue budget 2013/14- 2015/16.

**2. RECOMMENDATIONS**

**The Committee is asked to RECOMMEND that**

**to enable Members to approve the budget for 2013/14, 2014/15 & 2015/16:**

- 1) **the Council determines the level of Council Tax discount to be applied to the prescribed classes of dwellings as defined by the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 (as amended) for Class C [vacant dwellings] where the dwelling appears in the Valuation List for the first time and it has been continuously unoccupied and substantially unfurnished since the effective date of entry into the list:**
  - i) **for the first 3 months from the date of entry into the list - 100%**
  - ii) **for periods of more than 3 months and for less than 6 months - 50%**
  - iii) **for periods of 6 months or more - 0% - no discount.**

**For the purposes of Class C, when considering whether a dwelling falls within the class, any period of occupation, not exceeding 6 weeks, during which it was not unoccupied and substantially unfurnished, shall be disregarded;**

- 2) **the powers to reduce the Council Tax payable on a case by case basis , as provided by Section 13A 1(c) of the Local Government Finance Act 1992, be delegated to the**

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**Executive Director of Finance and Resources and the  
Revenue Services Manager;**

- 3) **authority be delegated to the Head of Legal, Equalities and Democratic Services to amend the Scheme of Delegation to Officers to implement (2) above;**
- 4) **the recommendations set out in Appendix 1 'Part C' of the report be approved;**
- 5) **a bid for Gypsy & Traveller Accommodation Assessment of £14K be approved and funded from general fund balances detailed in paragraph 3.30;**
- 6) **a bid for Green Deal up to £10K be approved and funded from general fund balances detailed in paragraph 3.32;**
- 7) **the use of balances totalling £24,000 be approved; and**
- 8) **the Pay Policy Statement at Appendix B be approved.**

**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 Council's 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 The report also details the setting of the Council Tax this is included in Appendix A and includes all the resolutions. Billing Authorities must set the amounts of the tax before the 11th of March in the preceding financial year. Appendix 1 details the action taken to date and the decisions still to be taken in each of the following areas:
  - a) Part A Setting the Council Tax for 2013/14.
  - b) Part B The Collection Fund



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## c) Part C Conclusions and recommendations

3.4 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 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
- Impact of the current National Economy

3.5 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**

3.6 As Members are aware, the provisional settlement that was received by the Council for 2013/14 – 2014/15 was lower than originally estimated. The table below shows the actual cut in Government Grant from 2009/10 to 2014/15 and equates to a 43% real cut in the funding received to support services.

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Formula Grant / RSG plus Baseline Funding*	£5.557m (excludes concessionary fares element)	£4.696m	£4.212m	£3.775m	£3.168m
Year on year reduction £		£0.861m	£0.484m	£0.437m	£0.607m
Year on year reduction %		15%	10%	10%	16%
Cumulative reduction £		£0.861m	£1.345m	£1.782m	£2.389m
Cumulative Reduction %		15%	24%	32%	43%

\*these figures have been adjusted so they are like for like in all years and may not reflect the figures in the budget due to changes in what is included in these grants. Thus does not correspond to the Govt Grant line in 3.23.

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- 3.7 The Government grant we received for 2012/13 represented a cash decrease of 10% on the previous financial year.
- 3.8 The current mechanism of allocating formula grant will be replaced from April 2013 with a system of formula grant and localised business rates. As these are effectively the same pot of money for the purposes of this MTFP they will be viewed as one funding stream.
- 3.9 Localising business rates will transfer risk from central to local Government. As a billing authority we will be far more exposed to reductions in the local taxbase if businesses close or rates are revalued. This places far greater pressures on the cashflow and reserves of the Council as well as the risk of greater volatility in the future levels of expected funding.
- 3.10 The Council has supported the opportunity to pool business rates with other councils to mitigate against these risks. Redditch Borough Council will continue to pool with the Greater Birmingham and Solihull Pool as this offers the greater financial benefit to the Borough.
- 3.11 The Government are also transferring two specific grants into the formula grant funding from 2013/14. These are the 2011/12 Council Tax Freeze Grant (£144k) and Homelessness Grant (£98k).

**New Homes Bonus**

- 3.12 The Council received New Homes Bonus in the current year of £380K. It is prudent to assume that in future years that this figure will increase in line with the assumed increase in taxbase of 0.25% per annum. This would raise an estimated £70k additional grant per annum until the scheme matures in 2016/17.
- 3.13 As agreed in the current MTFP, any income received from New Homes Bonus grant will be utilised to offset the pressures facing the Council over the medium term.

**Council Tax**

- 3.14 To ensure that necessary levels of funding are available given the large reductions in government grant highlighted above, 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.
- 3.15 The Council Tax freeze for the current financial year was funded by an additional one off government grant of £58k. It had been hoped that

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this would become an ongoing grant, however this grant was for 2012/13 only. Further savings and Council Tax increases have been identified as part of this MTFP to compensate in future years.

- 3.16 The government have offered a grant equivalent to a 1% rise in Council Tax for 2013/14 and 2014/15 for councils who freeze their Council Tax in the next financial year. Acceptance of this freeze grant will cost the Council £118k pa once the grant ceases (assuming Council Tax would otherwise rise by 2% in 2013/14).

**Council Tax Discounts**

- 3.17 The Council has discretion to change the discounted amount in certain prescribed classes of Council Tax Discounts. Members have already agreed a number of changes to Council Tax discounts, and need to consider further changes as detailed below.
- 3.18 Where a property is left vacant and unfurnished for a period of upto 6 months then 50% will be due for periods of more than 6 months then full Council Tax becomes payable. The property must then be occupied for a minimum period of 6 weeks before a second period of 50% discount can be applied for.
- 3.19 It is also recommended that new builds have a 100% discount for 3 months then 50% discount for a further 3 months with 100% Council Tax being due after a period of 6 months.

**Transformation**

- 3.20 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.
- 3.21 As reported previously, officers will continue to review the financial position of the authority within a framework of financial principles. These are:
- a) Reduce Waste in a system (Stop it now)
  - b) Design a new system to reduce waste and cost

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- c) Reduce the costs associated with enabling service provision rather than those that create the value to the customer.
- 3.22 There are 3 levels of costs associated with services delivered by the Council;
- a) Create Value – these are the costs to deliver front line service, those which create real value to the customer.
  - b) 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.
  - c) 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 that 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.
- 3.23 Any additional income currently generated that delivers more than the target revenue has been built into the projections as a revised target to achieve.
- 3.24 Officers have also identified a number of budget pressures that have either been deemed “unavoidable”. Unavoidable includes the ongoing effects of pressures identified during 2012/13 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.
- 3.25 These include:
- a) Reduction in funding from Worcestershire County Council in relation to funding for the customer service centre (HUB) of £22k.
  - b) Shortfall in on street Car parking income £22k
  - c) Reduction in funding received for Learn Direct 15K.
  - d) Business Rates payable on vacant units £26K
  - e) Document Management System (spend to save) £21K

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**Financial Position**

- 3.26 The current summary position at 3.27 includes the financial impact of the above in addition to the following assumptions:
- a) 1% pay award in relation to inflationary increase. This will be subject to the national negotiation that the Council is signed up to.
  - b) General inflationary increases in relation to contract arrangements.
  - c) Inclusion of the provisional settlement for 2013/14 & 2014/15.
  - d) 3% increase in fees and charges (where appropriate)
  - e) An estimation of the New Homes Bonus income
  - f) Additional income estimated in relation to the Business Rates receivable by the Council

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- 3.27 The revised position is shown below.  
(Figures below do not include the bids to be considered)

	2013/14	2014/15	2015/16
Base cost of General Fund Services	9,605	9,465	8,422
Pressures –unavoidables	143	413	224
Savings (reduction waste, redesign systems, reduction in enabling costs)	-283	-1456	-388
<b>Service Expenditure</b>	<b>9,465</b>	<b>8,422</b>	<b>8,258</b>
Vacancy/outturn savings	-400	-400	-400
MRP	792	740	708
Bad Debt Provision	50	50	50
Pension Strain	1,557	1,736	1,878
VAT Refund	-185	-	-
Investment Income	-471	-471	-471
Parish Precept	8	9	9
<b>Net operating expenditure</b>	<b>10,816</b>	<b>10,086</b>	<b>10,032</b>
Transfer from Reserves	-255	-	-
Surplus from Collection Fund	-35	-	-
Government Grant	-2,978	-2,307	-2,119
NDR Baseline	-1,927	-1,987	-2,007
NDR Growth	-200	-200	-200
New Homes Bonus	-380	-450	-520
Assumed Council Tax @ 0% (offset by 1% Gov Grant) 2% increase 2014/15 2015/16	-4,983	-5,084	-5,186
Council Tax Grant	-58	-58	-
<b>overall shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 3.28 Savings currently identified include:

- a) General underspends offered up as future savings
- b) Extension of sharing for services currently not shared across the Redditch and Bromsgrove.
- c) Improved efficiencies within services and renegotiation of contracts

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- d) Savings realised from transformation of services and driving out waste

3.29 The Council is to set a balanced budget for 2013/14 – 2015/16 and therefore will have to approve further savings, increase income or reduce high pressures for the 3 year period. Any additional spending, over and above the pressures identified above, would also need to be funded by additional savings. Officers are committed to realise the necessary levels of savings through transformation and will continue to work with staff to enable services to be delivered at a reduced cost to meet the cuts anticipated.

**Gypsy & Traveller Accommodation Assessment**

3.30 A Gypsy and Traveller Accommodation Assessment (GTAA) needs to be carried out as the last one was done around 2007 and is considered to be out of date. All the councils in Worcestershire have given an in-principle commitment to work together to get an up to date GTAA. The National Planning Policy Framework (NPPF) stresses the need to have an up to date assessment, and a draft policy in the emerging RBC Local Plan No.4 has reasoned justification which indicates that an assessment would be carried out. The risks of not participating are around conforming with the expectations of the NPPF, and it may, in practical terms, become difficult to take enforcement action against any unauthorised sites without an up to date GTAA.

3.31 A bid of £14K is requested to be approved to allow the assessment to be carried out. This will be funded from General Fund Balances.

**Green Deal**

3.32 A bid for up to £10K is requested to be approved to allow officers to explore the options for the Green Deal working in partnership with either Birmingham Energy Savers (Carillion) or Worcestershire-wide Community Interest Company (CIC). This bid will be funded from General Fund Balances.

**General Fund Balances**

3.33 The level of the General Fund balance is currently £1.1m, as previously highlighted, there will be greater risks on the cashflow and the funding of the Council in the medium term. It is estimated that at the end of 2012/13 the balances will be £867K. Should both bids be approved balances at the end of 2013/14 are estimated to be £843K

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- 3.34 The current level of balances is nearing the minimum recommended level for the Borough. There is also the need for a fuller assessment of the necessary level of balances will be required once the full impact of the governments changes to local government funding are known.
- 3.35 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 Redditch.  
Local Government Act 2003
- 3.36 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 (4.17).*
- 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 (4.17)*
- d) The report should show the extent to which reserves are financing ongoing expenditure.



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*Section 151 Officer's comments: included in the report.  
Balances to fund 2013/14 only no further recommendations to  
finance ongoing expenditure.*

- 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 4.17.*

- 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.*

Pay Policy

- 3.37 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 2013 for the financial year 2013/14. The Pay Policy Statement for the Council is included at Appendix B
- 3.38 The statement must set out policies relating to:
- (a) the remuneration of its chief officers,
  - (b) the remuneration of its lowest-paid employees, and

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- (c) the relationship between –
  - (i) the remuneration of its chief officers, and
  - (ii) the remuneration of its employees who are not chief officers.

**Legal Implications**

- 3.39 The Localism Act 2011 made significant changes to the Local Government Finance Act 1992 and requires the billing authority to calculate a council tax requirement for the year. Chapter 14 of the Local Government Finance Act provides for certain local authorities to levy and collect Council Tax. Sections 30 to 38 of the Act specify the calculations required to set the tax.
- 3.40 Billing Authorities must set the amounts of the tax before the 11th of March in the preceding financial year.
- 3.41 The required calculations and the Council Tax for each property band are set out in Parts B and C of the Appendices to the report.

**Service/Operational Implications**

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

**Customer / Equalities and Diversity Implications**

- 3.43 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**

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 A Council Tax Resolutions
- Appendix B Pay Policy

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**6. BACKGROUND PAPERS**

Available from Financial Services

**AUTHOR OF REPORT**

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**SETTING THE COUNCIL TAX FOR 2013/14****3. Background**

Sections 31A to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 provide for the calculation of a billing authority's Council Tax in accordance with specified formulae.

**4. Key Issues****4.1 Council Tax Requirement**

The Borough Council's recommended Council Tax Requirement for its own purposes is £4.984 million.

**4.2 Feckenham Parish Council Precept**

In calculating its Council Tax Requirement a billing authority has to take account of the amount of any precept issued to it for the year concerned by a local precepting authority. Feckenham Parish Council has notified the Borough Council that its precept for 2013/14 will be £8,300.

**4.3 Local Government Finance Bill and Business Rates Retention Scheme**

From 2013/14 the Council will retain 50% of the business rates they collect locally; 50% will be paid over to the government and will be returned to local authorities as Revenue Support Grant, after any reductions in the total amount are made to enable the government to achieve its public expenditure targets. A system of top-ups and tariffs has been established to allow locally retained business rates to be redistributed from high business rate yield authorities to low yield authorities. Local authorities will be able to retain a proportion of business rate growth or conversely will experience a fall in resources if the business rate base declines.

**4.4 Collection Fund Surplus**

Under Sections 97(3) and 97(4) of the Local Government Finance Act 1988 any estimated surplus or deficit on the collection fund at the 31st of March 2013 is to be taken into account by the billing authority in calculating its Council Tax for the year beginning the 1st of April 2013. It is estimated that there will be a £255,549 surplus at the 31st of March.

**4.5 Collection Fund Tax Base**

With the introduction of the Council Tax Support Scheme, the base has been calculated and adjusted by the estimated amount of Council Tax Support discounts awardable.

The Council Tax support is estimated using data as at 30th November 2012. The Council will receive a grant for the financial year for an estimated 90% of Council Tax Support payable; this will be set and not varied with changes in the number of discounts awarded under the Council Tax Support

The Executive meeting on the 15th of January 2013 set the Council Tax Base for 2013/14 at 23,787.62 Band D equivalent properties for the whole of the Borough. The calculation is reproduced later in this appendix.

4.6 Calculation of the Borough Council Element of the Council Tax for 2013/14

This is prescribed by formulae contained in Sections 31B and 34 of the Act. The results of applying the formulae to the above data are detailed later in this appendix.

The average Council Tax for Redditch will be £209.18 as detailed in the Appendix subject to any further decisions taken by the Committee. When compared to the 2012/13 tax there is no increase.

The Council Tax Requirement has increased by 1.8%, whereas the external funding provided by the Government has decreased by 7.2% when compared to the actual Formula Grant for 2012/13.

**Redditch Borough Council Tax Base 2013/14**

	Number of dwellings Band D equivalent	Changes in base (discounts etc)	1% Non-collection	Tax base
Redditch Borough Council total	28,099.39	-4,071.49	-240.28	<b>23,787.62</b>
Parish of Feckenham	366.89	-1.16	-3.65	<b>362.08</b>
Rest of the Borough	27,732.50	-4,070.33	-236.63	<b>23,425.54</b>

**Calculation of the Council Tax 2013/14**

**Stage 1 - Calculation of tax for Band D assuming no parish area (Section 31(B)(1) Local Government Act 1992)**

Formula:  $\frac{R}{T}$

Where: R = Council Tax Requirement  
T = Council Tax base

$$\frac{\underline{\pounds 4,984,227}}{23,787.62} = \pounds 209.5303 \text{ (Basic Amount of Tax)}$$

**Stage 2 - Calculation of tax for Band D for areas with no parish precept (Section 34(2) Local Government Act 1992)**

Formula:  $B - \frac{A}{T}$

Where: B = Basic Amount of Tax  
A = Parish Precepts  
T = Tax base

$$\pounds 209.5303 - \frac{\underline{\pounds 8,265}}{23,787.62} = \pounds 209.1829$$

**Stage 3- Calculation of tax for Band D for areas with parish precept (Section 34(3) Local Government Act 1992)**

Formula:  $C + \frac{S}{TP}$

Where: C = Council Tax for areas without parish precept  
S = Parish Precept  
TP = Tax base for parish

$$\pounds 209.1829 + \frac{\underline{\pounds 8,265}}{362.08} = \pounds 232.0093$$

## Stage 4 - Calculation of tax for valuation bands (Section 36 Local Government Act 1992)

Formula:  $A \times \frac{N}{D}$

Where: A = Council Tax for Band D  
 N = Valuation Band proportion  
 D = Band D proportion

Band	Proportion	Redditch	Feckenham
A	6/9	£139.46	£154.67
B	7/9	£162.70	£180.45
C	8/9	£185.94	£206.23
D	1	£209.18	£232.01
E	11/9	£255.67	£283.57
F	13/9	£302.15	£335.12
G	15/9	£348.64	£386.68
H	18/9	£418.37	£464.02



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**THE COLLECTION FUND**

**3. Background**

The Local Government Finance Act 1988 requires each billing authority to maintain a Collection Fund. Throughout the year payments and transfers relating to Council Tax and Non Domestic Rates are made into and out of the Collection Fund. The payments and transfers are those prescribed by the 1988 Act as amended by the 1992 Act and subsequent amendments) including income from Council Tax payers and Business Rate payers, Council Tax Support Scheme and payments to precepting authorities.

**4. Key issues**

**4.1 Precepts**

- a) Worcestershire County Council, West Mercia Police & Crime Commissioner and Hereford and Worcester Fire and Rescue Authority set their budgets for 2013/14 in February 2013.
- b) They are required to notify the Borough Council of their Council Tax requirements (Precepts). The precepts are calculated by apportioning their budget requirements between the district councils based on the number of Band D equivalent properties. These charges are included in the Council Tax bills issued during March.
- c) After taking account of Collection Fund balances Redditch taxpayers will pay £        million towards the County Council's budget requirement. The County Council's element of the Council Tax will be £1039.06 for a Band D property, no increase on 2012/13.
- d) The Police Authority require £        million from taxpayers in Redditch. The Police have set a Council Tax of £xx.xx for a Band D property, a xxxx increase on 2012/13.
- e) The Hereford and Worcester Fire & Rescue Authority require £        million from taxpayers in Redditch. The Fire & Rescue Authority have set a Council Tax of £xx.xx for a Band D property, a xxxx increase on 2012/13.

<b>Summary of demands on Collection Fund 2013/14</b>	
<b>Precept/demand</b>	<b>£'000</b>
Worcestershire County Council	4,984
Redditch Borough Council	
West Mercia Police & Crime Commissioner	
Hereford and Worcester Fire & Rescue Service	
<b>Total demand on Collection Fund</b>	

4.2 Collection Fund balance

a) The Council is required to calculate the estimated position on the Collection Fund at the 31st of March 2013. Any estimated surplus or deficit arising from Council Tax transactions must be apportioned between the County Council, Hereford and Worcester Fire and Rescue Authority, the Borough Council and the Police Authority.

b) It is estimated that the Collection Fund balance at 31st of March 2013 will be a surplus off £255,549.

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**RECOMMENDATIONS**

The Committee is asked to **RECOMMEND** that

- 1) **it be noted that at its meeting on the 16th of January 2013 Council calculated the following amounts for the year 2013/14 in accordance with regulations made under Section 33 (5) of the Local Government Finance Act 1992:**
  - a) **23,787.62**

Being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year (item T in the formula in Section 31B of the Local Government Finance Act 1992 as amended (the 'Act'));
  - b) **Feckenham Parish – 362.08**

being the amount calculated by the Council, in accordance with regulation 6 of the regulations, as the amount of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate (item TP in the formula in Section 34(3) of the Act);
- 2) **the following amounts be now calculated by the Council for the year 2013/14 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:**
  - a) **£72,653,473**

being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account the precept issued by Feckenham Parish Council.

**(2013/14 Gross General Fund Expenditure)**
  - b) **£67,669,246**

being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

**(2013/14 Gross General Fund Income)**

- c) **£4,984,227**  
being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year (item R in the formula in Section 31B of the Act).

**(2013/14 Council Tax Requirement)**

- d) **£209.53**  
being the amount at 2 (c) above (item R) divided by the amount at 1 (a) above (item T), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of Council Tax for the year (including parish precept).

**(The average amount Band D properties pay for Redditch Borough Council services)**

- e) **£8,265**  
being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act;

**(Feckenham Parish Precept)**

- f) **£209.18**  
being the amount at 2(d) above less the result given by dividing the amount at 2(e) above by the amount at 1(a) (item T) above, calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of Council Tax for dwellings in those parts of the area to which no special item relates.

**(The amount Band D properties pay (except within the Parish of Feckenham) for Borough Council Services)**

- g) **£232.01**  
being the amount given by adding to the amount at 2(f) above, the amount of the special item relating to the Parish of Feckenham, divided by the amount in 1(b) above (item TP), calculated by the Council, in accordance with Section 34 (3) of the Act, as the basic amount of its Council Tax for the year for dwellings in the Parish of Feckenham;

**(The amount Band D properties pay within the Parish of Feckenham for Borough Council Services including the Parish Precept)**

h)

Valuation Band	Proportion of Band D tax paid	Part of Council's area	
		Parish of Feckenham	All other parts of the Councils area
<b>A</b>	6/9	<b>£154.67</b>	<b>£139.46</b>
<b>B</b>	7/9	<b>£180.45</b>	<b>£162.70</b>
<b>C</b>	8/9	<b>£206.23</b>	<b>£185.94</b>
<b>D</b>	1	<b>£232.01</b>	<b>£209.18</b>
<b>E</b>	11/9	<b>£283.57</b>	<b>£255.67</b>
<b>F</b>	13/9	<b>£335.13</b>	<b>£302.15</b>
<b>G</b>	15/9	<b>£386.68</b>	<b>£348.64</b>
<b>H</b>	18/9	<b>£464.02</b>	<b>£418.37</b>

being the amounts given by multiplying the amounts at 2(f) and 2(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band, divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwelling listed in different valuation bands;

- 3) **it be noted that, for the year 2013/14, Worcestershire County Council, West Mercia Police & Crime Commissioner and Hereford and Worcester Fire and Rescue Service have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:**

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## Part C

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Valuation Band	Proportion of Band D tax paid	Precepting Authority		
		Worcestershire County Council	West Mercia Police Authority	H & W Fire & Rescue Authority
<b>A</b>	6/9	£692.71	£119.15	£49.10
<b>B</b>	7/9	£808.16	£139.00	£57.28
<b>C</b>	8/9	£923.61	£158.86	£65.46
<b>D</b>	1	£1,039.06	£178.72	£73.64
<b>E</b>	11/9	£1,269.97	£218.44	£90.01
<b>F</b>	13/9	£1,500.87	£258.15	£106.38
<b>G</b>	15/9	£1,731.77	£297.87	£122.74
<b>H</b>	18/9	£2,078.13	£357.44	£147.28

- 4) having calculated the aggregate in each case of the amounts at 2(h) and 3 above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2013/14 for each of the categories of dwellings shown below:

Valuation Band	Proportion of Band D tax paid	Part of Council's area	
		Parish of Feckenham	All other parts of the Council's area
<b>A</b>	6/9	£1,015.63	£1,000.42
<b>B</b>	7/9	£1,184.89	£1,167.14
<b>C</b>	8/9	£1,354.16	£1,333.87
<b>D</b>	1	£1,523.43	£1,500.60
<b>E</b>	11/9	£1,861.99	£1,834.09
<b>F</b>	13/9	£2,200.52	£2,167.55
<b>G</b>	15/9	£2,539.06	£2,501.02
<b>H</b>	18/9	£3,046.87	£3,000.22

- 5) the level of General Fund balances to be utilised in 2013/14 be nil;
- 6) the Council's relevant basic amount of Council Tax for 2013/14 is not excessive in accordance with the principles determined for the year by the Secretary of State under Section 52ZB Local Government Act 1992.

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**As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2013/14 is excessive and the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Act 1992.**





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**REDDITCH BOROUGH 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 2013 – 2014 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.

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**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.

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Grade	Spinal Column Points		Nationally determined rates	
			Minimum £	Maximum £
1	4	11	12,145	14,733
2	11	13	14,733	15,444
3	14	17	15,725	16,830
4	18	21	17,161	19,126
5	22	25	19,621	21,519
6	26	28	22,221	23,708
SO1	29	31	24,646	26,276
SO2	32	34	27,052	28,636
MO1	34	37	28,636	30,851
MO2	38	41	31,754	34,549
M03	42	45	35,430	38,042
M04	46	49	38,961	41,616
Manager 1	Hay evaluated	42%	51,000	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 2	Hay evaluated	50%	61,250	63,750

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Head of Service 1	Hay evaluated	60%	73,500	76,500
Director	Hay evaluated	67%	82,000	85,000
Executive Director	Hay evaluated	72.5%	89,000	92,500
Deputy Chief Executive	Hay evaluated	80%	98,000	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 on grades 1 – 6, S01 – S02, and M01 – M04 (the majority of employees) are job evaluated under a different scheme to posts on grades Manager 1- 4, Head of Service 2, Head of Service 1, Director, Executive Director, Deputy Chief Executive and Chief Executive. These latter posts 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. There have been no increases in the national pay spine since April 2009. There have been no increases to the pay rates for the Chief Executive or Chief Officers since April 2008.

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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. The Council is currently undergoing consultation with the unions to implement a new Job Evaluation scheme, along with a new pay and grading model. This will replace the current majority scheme. The intention is to implement this fully during 2013. This would not change the overall approach to remuneration as outlined above.
12. 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.
13. 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**

14. 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 1<sup>st</sup> April 2013.
15. Redditch Borough 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 excluding the Head of Housing as this post does not provide support to Bromsgrove District Council and is therefore fully charged to Redditch Borough Council.

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<b>Title</b>	<b>% of Chief executive salary</b>	<b>Pay range (minimum)</b>	<b>Pay range (maximum)</b>	<b>Incremental points</b>	<b>Cost to Redditch Borough Council</b>
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 Housing Services	50%	£61,250	£63,750	3	£63,750
Head of Customer Services	50%	£61,250	£63,750	3	£31,250
Head of Planning and Regeneration	60%	£73,500	£76,500	3	£37,500
Head of Business Transformation	60%	£73,500	£76,500	3	£37,500

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Head of Legal, Equalities and Democratic Services	60%	£73,500	£76,500	3	£37,500
Head of Resources	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**

16. 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.
17. 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**

18. 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.

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

19. 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 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**

20. 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.



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21. 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.
22. 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**

23. 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**

24. 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 1<sup>st</sup> April 2013, this is £12,145 per annum, (subject to the implementation of the revised job evaluation scheme and pay model).
25. 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).
26. 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.

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27. 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.
28. 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].
29. 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**

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