



# Council

Mon 22 February 2016  
7.10 pm or at the end of  
the Executive Committee  
meeting, whichever is  
later.

Council Chamber  
Town Hall  
Redditch



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

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# Council

Monday, 22nd February, 2016

7.10 pm

Council Chamber Town Hall

## Agenda

### Membership:

Cllrs:	Pattie Hill (Mayor)	Gay Hopkins
	Joe Baker (Deputy Mayor)	Wanda King
	Tom Baker-Price	Jane Potter
	Roger Bennett	Gareth Prosser
	Natalie Brookes	Antonia Pulsford
	Juliet Brunner	Mark Shurmer
	David Bush	Rachael Smith
	Michael Chalk	Yvonne Smith
	Greg Chance	Paul Swansborough
	Anita Clayton	Debbie Taylor
	Brandon Clayton	David Thain
	Matthew Dormer	Jennifer Wheeler
	John Fisher	Pat Witherspoon
	Andrew Fry	Nina Wood-Ford
	Bill Hartnett	

<b>1. Welcome</b>	The Mayor will open the meeting and welcome all present.
<b>2. Apologies</b>	To receive any apologies for absence on behalf of Council members.
<b>3. Declarations of Interest</b>	<p>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.</p> <p>Please note that under Section 106 of the Local Government Finance Act 1992, any Councillor who is 2 or more months in arrears with their Council Tax payments cannot participate in any item at the Council meeting concerning the budget.</p>
<b>4. Minutes</b> (Pages 1 - 6)	To confirm as a correct record the minutes of the meeting of the Council held on 25 <sup>th</sup> January 2016.

<p><b>5. Announcements</b></p>	<p>To consider any exceptional announcements under Procedure Rule 10:</p> <ul style="list-style-type: none"><li>a) Mayor's Announcements</li><li>b) Leader's Announcements</li><li>c) Chief Executive's Announcements.</li></ul> <p>(Oral report)</p>
<p><b>6. Audit, Standards and Governance Committee - Treasury Management Strategy Statement and Investment Strategy 2016-17 to 2018-19</b></p> <p>(Pages 7 - 34)</p>	<p>To consider recommendations from the Audit, Governance and Standards Committee meeting of 28<sup>th</sup> January 2016 relating to the Treasury Management Strategy and Investment Strategy.</p> <p>The recommendations and report are enclosed with this agenda.</p>
<p><b>7. Independent Remuneration Panel Report and Recommendations</b></p> <p>(Pages 35 - 52)</p>	<p>To consider the report and recommendations from the Independent Remuneration Panel. The report was considered at the Executive Committee meeting on 2<sup>nd</sup> February and recommendations from the Committee are enclosed.</p> <p>The Panel's report is also included with this agenda.</p>
<p><b>8. Executive Committee - Medium Term Financial Plan and Council Tax Resolution</b></p> <p>(Pages 53 - 76)</p>	<p>To receive the minutes and consider the recommendations from the following meetings of the Executive Committee:</p> <p>2<sup>nd</sup> February 2016 – report enclosed with this agenda;</p> <p>22<sup>nd</sup> February 2016, immediately prior to this meeting – the report is to follow.</p> <p>Note that under the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, the Council is required to take a named vote when a decision is made on the budget calculation or Council tax at a budget decision meeting of the Council.</p> <p>Under Section 106 of the Local Government Act 1992, any Councillor who is 2 or more months in arrears with their Council tax payments cannot participate in any item at the Council meeting concerning the budget.</p>

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<b>9. Urgent Business - Record of Decisions</b>	<p>To note any decisions taken in accordance with the Council's Urgency Procedure Rules (Part 6, Paragraph 5 and/or Part 7, Paragraph 15 of the Constitution), as specified.</p> <p>(None to date).</p>
<b>10. Urgent Business - general (if any)</b>	<p>To consider any additional items exceptionally agreed by the Mayor as Urgent Business in accordance with the powers vested in her by virtue of Section 100(B)(4)(b) of the Local Government Act 1972.</p> <p>(This power should be exercised only in cases where there are genuinely special circumstances which require consideration of an item which has not previously been published on the Order of Business for the meeting.)</p>





## Council

Monday, 25 January 2016

## MINUTES

### Present:

Councillor Pattie Hill (Mayor), Councillor Joe Baker (Deputy Mayor) and Councillors Tom Baker-Price, Natalie Brookes, David Bush, Michael Chalk, Greg Chance, Anita Clayton, Brandon Clayton, Matthew Dormer, John Fisher, Andrew Fry, Bill Hartnett, Gay Hopkins, Wanda King, Jane Potter, Gareth Prosser, Mark Shurmer, Yvonne Smith, Paul Swansborough, Debbie Taylor, David Thain, Jennifer Wheeler, Pat Witherspoon and Nina Wood-Ford

### Also Present:

Wayne Brandrick, Claire Mitchell, Neil Ordish, Phillippa Smith, Laney Walsh and Lindsey Wood (Time to Change Working Group representatives).

### Officers:

Jack Carradine, Kevin Dicks, Claire Felton, Sue Hanley and Sheena Jones

### Democratic Services Officer:

Jess Bayley

### 68. APOLOGIES

Apologies for absence were received on behalf of Councillors Roger Bennett, Juliet Brunner, Antonia Pulsford and Rachael Smith.

### 69. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 70. MINUTES

#### RESOLVED that

**the minutes of the meeting of Council held on Monday 7th December 2015 be agreed as a correct record and signed by the Mayor.**

.....  
Chair

**71. ANNOUNCEMENTS**a) The Mayor

The Mayor advised that she had attended a number of excellent events over the festive period. Particular reference was made to her visit to the Alexandra Hospital on Christmas day when she had been pleased to meet with both staff and the patients.

b) The Leader

Councillor Hartnett had attended a number of events and undertaken certain work in his capacity as Leader and he highlighted the following for Members' consideration:

- The Walk a Mile in Her Shoes event to highlight opposition to domestic violence.
- The Town Centre Partnership's carol service at the bandstand.
- Christmas dinners provided to residents in Church Hill and Winyates.
- Operation Improve Redditch, an initiative identified by the Economic Development Theme Group to place talented postgraduate students from the University of Birmingham in work placements in organisations located in the Borough.
- The Pride of Redditch Awards.
- A meeting with Diamond Bus Company to discuss a petition received about local bus services.
- The latest developments with the Alexandra Hospital, including the resignation of the Chair of the Trust and the Health Improvement Plan for Worcestershire.
- The settlement of 1 per cent of Syrian refugees who would be arriving in the UK within Worcestershire. This would equate to 50 individuals across the county, or two families per district.
- Holocaust Memorial Day. Thanks were extended to Julia Kinch, Astwood Bank First School, the Polish Saturday School and the Kerala Cultural Association.
- The Young Athlete Programme (YAP), an offshoot of the Redditch Special Olympics, which provided children with an opportunity to participate in physical activities.
- The Worcestershire Devolution Deal. The Leaders and Chief Executives of the Councils continued to meet and were waiting to liaise with the Government over proposals.
- The West Midlands Combined Authority. A number of meetings had taken place and the Combined Authority was undertaking consultation in the areas of the constituent authorities about the establishment of the authority.



- A meeting of the Non Constituent Members of the West Midlands Combined Authority was due to take place and would provide an opportunity to discuss and identify common issues.
- The Leader had written to the Government about the Council's Revenue Support Grant settlement highlighting concerns and requesting reconsideration.

**72. TIME TO CHANGE PLEDGE - UPDATE ON IMPLEMENTATION**

Representatives of the Council's Time to Change Working Group attended the meeting and delivered a presentation on the subject of the work that the group had undertaken since Members signed the Time to Change Pledge 12 months previously.

Action taken included circulation of a mental health survey amongst staff; providing training to managers and supervisors about supporting staff with mental health difficulties; introducing the Employee Assistance Programme for staff and providing a number of activities designed to enhance staff wellbeing. 600 employees across the shared services with Bromsgrove District Council had attended Time to Talk days during the last 12 months. It was noted that the Council was highly regarded for the proactive approach it was taking and this had been commented on at national level. The positive impact the Pledge had made was illustrated by a personal account.

Members congratulated the working group and all involved for their hard work and noted that they would continue to support them in their endeavours.

**73. QUESTIONS ON NOTICE**

There were no Questions on Notice.

**74. MOTIONS ON NOTICE**

There were no Motions on Notice.

**75. EXECUTIVE COMMITTEE**

Members considered the recommendations from the meeting of the Executive Committee held on 15th December 2015. During consideration of these minutes a detailed discussion was held about the Bereavement Services – Review of Cremation Fees and Charges and Proposed Capital Works and the following points were raised:

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- The level of increase that had been proposed to the charges for bereavement services.
- The Council's existing fees for bereavement services and how these compared to charges at other local authorities.
- The extent to which residents could afford higher fees.
- The provision of a free service for cremations to non-residents aged 18 years old or younger and the number of young people each year within this category for whom this service was provided.
- The intention to invest any surplus generated from the increased fees in improvement works at the crematorium.

An amendment was proposed to one of the recommendations seeking to restrict free cremation services only to young people who were residents of Redditch and aged under 18. However, this proposed amendment was defeated.

Members also considered the minutes from the meeting of the Executive Committee held on 12th January 2016 and debated the following items in detail:

a) Purchase of Crossgates House

Members discussed a number of points as follows:

- Whether there was sufficient demand for office space to justify the purchase and it was suggested that the Town Hall office space could be used more effectively;
- Agreements with Bromsgrove District Council for provision of office space to staff in shared services and the income received from this;
- The suitability of purchasing a property in challenging economic circumstances.
- The length of time it would take for the Council to pay for the property and the potential for the asset to appreciate in value over time.

b) Housing Revenue Account Rent and Capital 2016-17

Some key points were considered during the debate about this item:

- The reduction of rents for tenants living in Council houses by one per cent per annum and the impact that this would have on Council finances.
- The potential impact the reduction in rents would have on the finances of tenants on low incomes.
- The original 30 year business plan to pay back the Government for purchasing the Council housing stock and the difficulties of achieving this following legislative change.

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- The value of building more Council houses or purchasing new stock to replace properties sold under the right to buy scheme.

**RESOLVED that**

- 1) the minutes of the Executive Committee meeting held on 7th December 2015 be received and all recommendations adopted; and
- 2) the minutes of the Executive Committee meeting held on 12th January 2016 be received and all recommendations adopted.

**76. REGULATORY COMMITTEES**

The Council received the minutes from the meeting of the Planning Committee held on 9th December 2015.

**RESOLVED that**

**the minutes of the meeting of the Planning Committee held on 7th December 2015 be received and adopted.**

**77. URGENT BUSINESS - RECORD OF DECISIONS**

There were no items of urgent business requiring a Council decision for consideration.

**78. URGENT BUSINESS - GENERAL (IF ANY)**

There were no general items of urgent business for consideration.

The Meeting commenced at 7.00 pm  
and closed at 8.35 pm



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**39. TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2016/17 – 2018/19.**

**RECOMMENDED that**

- 1) the Strategy and Prudential Indicators at Appendix 1 to the report be approved; and**
- 2) the updated Treasury Management Policy at Appendix 2 to the report be approved.**



## **AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

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### **TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2016-17 TO 2018-19**

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	
Relevant Head of Service	Jayne Pickering
Wards Affected	All
Ward Councillor Consulted	None specific
Non-Key Decision	

#### **1. SUMMARY OF PROPOSALS**

Members are asked to approve the strategy statement for treasury management and investments in order to comply with the Local Government Act 2003.

#### **2. RECOMMENDATIONS**

The Committee is asked to **RECOMMEND** that

- 1) the Strategy and Prudential Indicators at Appendix 1 to the report be approved; and
- 2) the updated Treasury Management Policy at Appendix 2 to the report be approved.

#### **3. KEY ISSUES**

##### **Financial Implications**

- 3.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public services (the CIPFA TM Code) and the Prudential Code require local authorities to set the Treasury Management Strategy Statement (TMSS) and Prudential Indicators each financial year. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.

- 3.2 CIPFA has defined Treasury Management as:

*“the management of the organisation’s investments, cash flows, its banking, money market and capital market transactions; the effective control of the*

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*risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

- 3.3 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the Council’s approved Treasury Management Practices and include:
- Liquidity Risk (Adequate cash resources)
  - Market or Interest Rate Risk Fluctuations in the value of investments).
  - Inflation Risks (Exposure to inflation)
  - Credit and Counterparty Risk (Security of Investments)
  - Refinancing Risks (Impact of debt maturing in future years).
  - Legal & Regulatory Risk (Compliance with statutory and regulatory requirements)
- 3.4 In addition, the Local Government Act 2003 requires the Council to ‘have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable’.
- 3.5 The revised CLG guidance issued in November 2011 makes it clear that investment priorities should be security and liquidity, rather than yield and that authorities should not rely just on credit ratings, but consider other information on risk.
- 3.6 The guidance requires investment strategies to comment on the use of treasury management consultants and on the investment of money borrowed in advance of spending needs.
- 3.7 In formulating the Treasury Management Strategy and the setting of the Prudential Indicators, the Council adopts the Treasury Management Framework and Policy recommended by CIPFA.

### **Legal Implications**

- 3.8 This is a statutory report under the Local Government Act 2003.



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### **Service/Operational Issues**

3.9 None as a direct result of this report.

### **Customer/ Equalities and Diversity**

3.10 None as a direct result of this report.

## **4. RISK MANAGEMENT**

Failure to manage the Treasury Management function effectively to ensure the delivery of maximum return within a secure environment. Controls in place to mitigate these risks are as follows:

- Regular monitoring of the status of the organisations we invest with
- Daily monitoring by internal officers of banking arrangements and cash flow implications.

## **5. APPENDICES**

Appendix 1 - Treasury Management Strategy Statement and Investment Strategy 2016/17

Appendix 2 – Treasury Management Policy Statement

## **AUTHOR OF REPORT**

Name: Kayleigh Sterland-Smith

Email: kayleigh.sterland-smith@bromsgroveandredditch.gov.uk

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Appendix 1

### **Treasury Management Strategy Statement And Investment Strategy 2016/17**

#### **1. Introduction**

- 1.1 On 17<sup>th</sup> March 2010 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year. A copy of the Authority's Treasury Management Policy Statement is in Appendix 2.
- 1.2 The purpose of this TMSS is, therefore, to approve:
  - Treasury Management Strategy for 2016/17
  - Annual Investment Strategy for 2016/17
  - Prudential Indicators for 2016/17, 2017/18 and 2018/19
  - MRP Statement.
- 1.3 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.
- 1.4 The Authority has borrowed substantial sums of money, primarily for the HRA subsidy settlement in 2012, and from time to time has surplus operational cash balances and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.
- 1.5 All treasury activity must comply with relevant statute, guidance and accounting standards.

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### 2. Background - Local Context

The Authority currently has £109m of borrowing including £104m of long-term debt and £6m in short-term investments. Details of debt are shown in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 below.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, subject to holding minimum working capital of £2m.

2.1 **Table 1: Balance Sheet Summary and Forecast**

	<b>31.3.2015 Actual £m</b>	<b>31.3.16 Estimate £m</b>	<b>31.3.17 Estimate £'000</b>	<b>31.3.18 Estimate £'000</b>	<b>31.3.19 Estimate £'000</b>
General Fund CFR	16.00	19.38	22.32	23.12	24.75
HRA CFR	122.16	122.16	122.16	122.16	122.16
<b>Total Capital Financing Requirement</b>	<b>138.16</b>	<b>141.54</b>	<b>144.48</b>	<b>145.28</b>	<b>146.91</b>
Less external borrowing**	-113.06	-104.00	-110.80	-113.74	-114.54
<b>Internal borrowing</b>					
Less: Usable reserves	-24.11	-24.92	-24.92	-24.92	-24.92
Less: Working capital	-0.54	-5.82	-5.82	-5.82	-5.82
Investments (or new borrowings)	-0.45	-6.80	-2.94	-0.80	-1.63

\*\* Includes £98.9m borrowing undertaken in March 2012 for the HRA subsidy reform settlement.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2016/17.

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### **3. Interest Rate Forecast**

- 3.1 The economic and interest rate forecast provided by the Authority's treasury management advisor is attached. Arlingclose projects the first 0.25% increase in bank base rate in third quarter of 2016 rising by 0.5% a year thereafter, finally settling between 2 and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

The Authority will reappraise its strategies from time to time in response to evolving economic, political and financial events.

### **4. Borrowing Strategy**

- 4.1 The Authority currently has £104m of long-term borrowing; the level of long-term borrowing is unchanged from 31<sup>st</sup> March 2015.
- 4.2 The balance sheet forecast in table 1 shows that the Authority is likely to have a borrowing requirement in 2016/17 of £110m. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the Authorised Limit for borrowing of £140 million.

**Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective. The following issues will be considered prior to undertaking any external borrowing:

- Affordability;
- Maturity profile of existing debt;
- Interest rate and refinancing risk;
- Borrowing source and flexibility.

The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates but without compromising flexibility.

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The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below in Table 2)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Worcestershire County Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities, for example operating and finance leases, hire purchase.

**Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise.

The Council's treasury advisor, Arlingclose Ltd, will assist the Authority with this 'cost of carry' and breakeven analysis.

Short-term and variable rate loans are subject to the limit to the net exposure to variable interest rates in the treasury management indicators in section 10 below.

- 4.3 **LOBOs:** The Authority holds a £5m of LOBO (Lender's Option Borrower's Option) loan where Barclays Bank, the lender, has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no

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additional cost. This LOBO has semi-annual options during 2016/17, and although the Authority understands that the lender is unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £5m, i.e. no further LOBO loans will be borrowed.

**Debt Rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium (i.e. an amount over and above the principal outstanding) or receive a discount according to a set formula based on current interest rates. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, only if this is expected to lead to an overall cost saving or a reduction in risk.

The Authority's PWLB loans were borrowed at a one-off preferential rates for HRA self-financing settlement. At current interest rates (15/1/2016), a premium would be incurred on the if the Authority were to prematurely any of the four PWLB loans; the premiums range between 11% and 21% of the outstanding loan principal.

### **5. Investment Objectives Strategy**

**Objectives:** Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

**Strategy:** Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes, where practicable, during 2016/17. All of the the Authority's surplus cash is currently invested in call accounts or term deposits with banks and building societies which, by their nature, are unsecured.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and the European Union.

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Australia and Switzerland are well advanced with their own plans. Meanwhile, changes which took place to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with the Authority making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.

The Authority will also consider investment of surplus monies in pooled Money Market Funds which provide much greater diversification of credit risk as well as high liquidity (same-day access to the investment).

Over the past 24 months, invested funds have ranged between nil and £12 million; a similar pattern is expected in the forthcoming year.

The Authority may invest its surplus funds with any of the counterparties defined in Table 2 below, subject to the time and cash limits (per counterparty) shown below.

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**Table 2: Approved Investment Counterparties**

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a
AAA	£2m 5 years	£3m 20 years	£3m 50 years	£2m 5 years
AA+	£2m 5 years	£3m 10 years	£3m 25 years	£2m 5 years
AA	£2m 4 years	£3m 5 years	£3m 15 years	£2m 5 years
AA-	£2m 3 years	£3m 4 years	£3m 10 years	£2m 3 years
A+	£2m 2 years	£3m 3 years	£2m 5 years	£2m 2 years
A	£2m 13 months	£3m 2 years	£2m 5 years	£2m 2 years
A-	£2m 6 months	£3m 13 months	£2m 5 years	£2m 2 years
BBB+	£1m 100 days	£2m 6 months	£1m 2 years	£1m 1 year
BBB	£1m next day only	£1m 3 months	n/a	n/a
None	£1m 6 months	n/a	£3m 25 years	£500k 1 year
Pooled Funds	£2m per fund			

Investments in the categories outlined above are:

**Banks Unsecured:** call and notice accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the banking regulator determine that the bank/building society is failing or likely to fail.

**Banks Secured:** covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are exempt from bail-in and are secured on the financial institution's assets, which limits the potential losses in the unlikely event of insolvency.



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**Government:** Investments with local authorities or guaranteed by national governments, investments with multilateral development banks. These are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Pooled Funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

**Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.

### **Risk Assessment and Credit Ratings:**

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used (for example the rating assigned to a secured investment), otherwise the counterparty credit rating is used.

Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made

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with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. If necessary, surplus monies will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Specified Investments:** The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For Money Market Funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

**Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. Such investments will be

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limited to those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. The Authority will limit non-specified investments to £2 million in total.

**Authority's Banker** – The Authority's current accounts are held with Lloyds plc. The lowest long-term credit rating (as at 15/1/2016) for Lloyds Bank is 'A' (reference Table 2). Should the bank's credit rating be downgraded to BBB or BBB-, the Authority may continue to deposit surplus cash with Lloyds Bank plc providing that investment can be withdrawn on the next working day.

Table 3: Portfolio Investment Limits

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£3m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£3m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£5m per country
Unsecured investments with Building Societies	£3m in total
Money Market Funds	£7.5m in total

### **6. Policy on the use of Financial Derivatives**

Local authorities have previously made use of financial derivatives embedded into loans and investments to reduce interest rate risk and to increase income or reduce costs. Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (such as swaps, forwards, futures and options). These will only be used where they can be clearly demonstrated to reduce the overall level of risk exposed to the Authority.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria and their value will count against the counterparty credit limit.

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### **7. Policy on Apportioning Interest to the HRA**

On 1<sup>st</sup> April 2012, the existing long-term loans were notionally moved into the HRA pool. In the future, any new long-term loans will be assigned in their entirety to the relevant pool, whether it be General Fund or HRA and interest and costs charged/credited to the respective revenue account. The General Fund uses surplus HRA funds as a means of internal borrowing. Interest is calculated using the Authority's average rate on investments and transferred to the HRA from the General Fund.

### **8. Treasury Management Indicators**

The Authority measures and manages its exposures to treasury management risks using the following indicators.

**Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	50%	50%	50%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

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**Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Lower	Upper
Under 12 months*	0%	15%*
12 months and within 24 months	0%	15%
24 months and within 5 years	0%	35%
5 years and within 10 years	0%	100%
10 years and above	0%	100%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

\*Note: In accordance with CIPFA's guidelines, LOBO option dates are treated as potential repayment dates. The Council's £5m LOBO has 6-monthly option dates and is included within the 'Under 12 months' band above.

**Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£2m	£1.5m	£1m

**Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments will be assigned a score based on their perceived risk.

	Target
Portfolio average credit score	6, which is equivalent to a credit rating of 'A'

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**Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	Target
Total cash available within 3 months	£3m

### 9. Annual Minimum Revenue Provision Statement 2016/17 (MRP)

- 9.1 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* (the CLG Guidance) most recently issued in 2012.
- 9.2 The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 9.3 The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.
- 9.4 MRP will be determined by charging the expenditure over the expected useful life of the relevant assets as the principal annuity with an annual interest rate of 4% starting in the year after the asset becomes operational. This is a change from previous years, where MRP was charged in equal instalments over the useful life. This change has come about in order to recognise the time value of money, resulting in less charge in early years, rising as time goes on.

MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised

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by regulation or direction will be charged over 20 years. *(This is Option 3 as per the Guidance for England and Wales).*

- 9.5 No MRP will be charged in respect of assets held within the Housing Revenue Account.
- 9.6 Where loans are made to other bodies for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.
- 9.7 Capital expenditure incurred during 2016/17 will not be subject to a MRP charge until 2017/18.

Based on the Authority's estimate of its Capital Financing Requirement on 31<sup>st</sup> March 2016, the budget for MRP has been set as follows:

	31.03.2016 Estimated CFR £'000	17/18 Estimated MRP £'000
<b>General Fund assets</b>	<b>19,380</b>	<b>1,057</b>
Assets in the Housing Revenue Account	221,087	Nil
HRA subsidy reform payment	-98,929	Nil
<b>Total Housing Revenue Account</b>	<b>122,158</b>	<b>Nil</b>
<b>Total</b>	<b>141,538</b>	<b>1,057</b>

### 10. Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

- 10.1 The Executive Director of Finance and Corporate Resources will report to Executive on treasury management activity / performance and Performance Indicators as follows:
  - Quarterly against the Strategy approved for the year.
  - The Authority will produce an outturn report on its treasury activity no later than 30<sup>th</sup> September after the financial year end.
  - The Executive will be responsible for the scrutiny of treasury management activity and practices.

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### **11. Other Items**

- 11.1 CIPFA's Code of Practice requires the Executive Director of Finance and Corporate Resources to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Responsibility for scrutiny of the Treasury Management function will rest with the Executive. The Executive Director of Finance and Corporate Resources will ensure that adequate training is provided for all relevant Members during the financial year.
- 11.2 The Authority has appointed Arlingclose Limited as treasury management advisers; receiving specific advice on investment, debt and capital finance issues.



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### Prudential Indicators 2016/17 – 2018/19

#### 1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA’s Prudential Code for Capital Finance in Local Authorities (the “CIPFA Prudential Code”) when setting and reviewing their Prudential Indicators. The objectives of the Prudential Code are to ensure that the capital investment plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

**Estimates of Capital Expenditure:** The Authority’s planned capital expenditure and financing may be summarised as follows. Further detail is provided in the Budget report.

Capital Expenditure and Financing	2015/16 Revised £000s	2016/17 Estimate £000s	2017/18 Estimate £000s	2018/19 Estimate £000s
General Fund	4,678	2,694	1,423	1,631
HRA	8,813	7,192	7,004	7,004
<b>Total Expenditure</b>	<b>13,491</b>	<b>9,886</b>	<b>8,427</b>	<b>8,635</b>
Capital Receipts	(1,800)	(500)	(500)	(500)
Government Grants	(870)	(621)	(621)	(621)
Reserves	(8,813)	(7,192)	(7,004)	(7,004)
Revenue	(53)	(475)	(50)	(50)
Borrowing	(1,955)	(1,098)	(252)	(460)
<b>Total Financing</b>	<b>(13,491)</b>	<b>(9,886)</b>	<b>(8,427)</b>	<b>(8,635)</b>

#### 2. Capital Financing Requirement:

2.1 The Capital Financing Requirement (CFR) measures the Council’s underlying need to borrow for a capital purpose. The calculation of the CFR is taken

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from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

Capital Financing Requirement	15/16 Revised £'000	31.03.16 Estimate £'000	31.03.17 Estimate £'000	31.03.18 Estimate £'000
General Fund	16,000	19,380	22,320	23,120
HRA	122,160	122,160	122,160	122,160
<b>Total CFR</b>	<b>138,160</b>	<b>141,540</b>	<b>144,480</b>	<b>145,280</b>

**Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	31.03.16 Revised £000s	31.03.17 Estimate £000s	31.03.18 Estimate £000s	31.03.19 Estimate £000s
Borrowing	124,113	123,256	122,410	122,618
Finance leases	0	0	0	0
PFI liabilities	0	0	0	0
<b>Total Debt</b>	<b>124,113</b>	<b>123,256</b>	<b>122,410</b>	<b>122,618</b>

Total debt is expected to remain below the CFR during the forecast period.

### 3. Actual External Debt:

- 3.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

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<b>Actual External Debt as at 31/03/2015</b>	<b>£'000</b>
Borrowing	109,000
Other Long-term Liabilities	-
<b>Total</b>	<b>109,000</b>

### 4. Authorised Limit and Operational Boundary for External Debt

4.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

4.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

4.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

4.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). This limit includes all HRA debt, including that borrowing taken for HRA self-financing in 2012.

<b>Authorised Limit for External Debt</b>	<b>2016/17 Estimate £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>
Borrowing	140,000	140,000	140,000
Other Long-term Liabilities	0	0	0
<b>Total</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>

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4.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

4.6 The Executive Director of Finance and Corporate Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of Executive.

<b>Operational Boundary for External Debt</b>	<b>2015/16 Estimate £'000</b>	<b>2016/17 Estimate £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>
Borrowing	120,000	120,000	120,000	120,000
Other Long-term Liabilities	0	0	0	0
<b>Total</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2015/16 Revised %</b>	<b>2016/17 Estimate %</b>	<b>2017/18 Estimate %</b>	<b>2018/19 Estimate %</b>
General Fund	16.59	16.46	18.25	19.44
HRA	11.39	11.55	11.72	11.89

**Incremental Impact of Capital Investment Decisions:** This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the proposed capital programme.

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<b>Incremental Impact of Capital Investment Decisions</b>	<b>2016/17 Estimate £</b>	<b>2017/18 Estimate £</b>	<b>2018/19 Estimate £</b>
General Fund - increase in annual band D Council Tax	4.13	4.21	4.29
HRA - decrease in average weekly rents	(0.81)	(0.79)	(0.78)

**Adoption of the CIPFA Code of Practice:** The indicator below demonstrates that the Council has adopted the principles of best practice.

<b>Adoption of the CIPFA Code of Practice in Treasury Management</b>
The Council approved the adoption of the CIPFA Treasury Management Code at its meeting on 18 <sup>th</sup> May 2005 and the updated 2011 Treasury Management Code at 15 <sup>th</sup> January 2016.

The Council has incorporated the changes from the revised 2011 CIPFA Code of Practice into its treasury policies, procedures and practices.

## **AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

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### **Appendix 2**

## **TREASURY MANAGEMENT POLICY STATEMENT**

### **1. INTRODUCTION AND BACKGROUND**

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council (i.e. full Council) will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Executive and for the execution and administration of treasury management decisions to Executive Director of Finance and Resources, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates Executive to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies.

### **2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES**

- 2.1 The Council defines its treasury management activities as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks

## **AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

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associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 2.2 This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 2.3 This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.”
- 2.4 The Council’s borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk.
- 2.5 The Council’s primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority’s investments followed by the yield earned on investments remain important but are secondary considerations.





**COUNCIL**22<sup>nd</sup> February 2016**88. INDEPENDENT REMUNERATION PANEL REPORT AND RECOMMENDATIONS 2016 - 17**

**RECOMMENDED that**

**1) the Council has regard to the report and recommendations from the Independent Remuneration Panel for 2016/17;**

**2) the Council does not accept the recommendations at appendix 1 to the Panel's report for the following allowances:**

**Basic;**

**Leader;**

**Deputy Leader;**

**Portfolio Holders;**

**Executive Members without Portfolio;**

**Chair of Overview and Scrutiny Committee;**

**Members of Overview and Scrutiny Committee;**

**Chair of Overview and Scrutiny Task Groups;**

**Chair of Audit, Governance and Standards Committee;**

**Chair of Planning Committee;**

**Chair of Licensing Committee;**

**Political Group Leaders; and**

**Borough Council representatives on the Local Government**

**Association and General Assembly and West Midlands Employers;**

**3) the Council accepts the recommendations of the Panel relating to travel, subsistence and dependent carers' allowances;**

**4) for 2016/17 the Basic and Special Responsibility Allowances in the Council's Allowances Scheme continue at the level set for 2015/16, as set out in the final column of appendix 1 to the Independent Remuneration Panel's report;**

**5) the recommendation relating to the Parish Council be noted; and**

**6) the Members' Allowances Scheme for 2016/17 remain unchanged, with the exception of the following inclusion into the travel allowances section:**

**"The rate for travel by Taxi Cab shall not exceed:**

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- (i) In cases of urgency or where no public transport is reasonably available, the amount of the actual fare and any reasonable gratuity paid, and
- (ii) In any other case, the amount of the fare for travel by appropriate public transport.”

**EXECUTIVE COMMITTEE**

2nd February 2016

**REPORT OF THE INDEPENDENT REMUNERATION PANEL –  
RECOMMENDATIONS FOR MEMBERS' ALLOWANCES FOR 2016-17 AND THE  
MEMBERS ALLOWANCES SCHEME**

Relevant Portfolio Holder	Councillors B Hartnett, Leader and J Fisher, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	Yes
Relevant Head of Service	Claire Felton
Ward(s) Affected	All
Ward Councillor(s) Consulted	N/A
Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

Each Council is required by law to have an Independent Remuneration Panel (IRP) which recommends the level of allowances for Councillors. The Panel is made up of five suitably skilled members of the public who are completely independent of the Borough Council. It also makes recommendations to four other District Councils in Worcestershire. The Panel's report is enclosed for consideration by the Executive Committee and ultimately by the Council.

**2. RECOMMENDATIONS**

**The Committee is asked to consider the report and recommendations and RECOMMEND to Council**

**2.1 whether or not to accept the recommendations of the Independent Remuneration Panel for 2016-17;**

**2.2 having considered the Panel's report and recommendations, whether or not changes are required to the Council's scheme of allowances for Members arising from this;**

**2.3 that the travel allowances section of the Members Allowances scheme be amended to include the following wording regarding the use of taxis:**

**“The rate for travel by Taxi Cab shall not exceed:**

- (i) In cases of urgency or where no public transport is reasonably available, the amount of the actual fare and any reasonable gratuity paid, and**
- (ii) In any other case, the amount of the fare for travel by appropriate public transport.”**

**EXECUTIVE COMMITTEE**2nd February 2016

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**3. KEY ISSUES****Financial Implications**

- 3.1 If the Council was to accept the Panel's recommendations in full, the budget for Members' basic and special responsibility allowances for 2015-16 would be approx. £194,500. This would be an increase of £56,500 on the projected total expenditure for the same allowances in the current year.

**Legal Implications**

- 3.2 The Council is required to "have regard" to the recommendations of the Panel. However, it is not obliged to agree to them. It can choose to implement them in full or in part, or not to accept them.
- 3.3 The Council is also required to review its scheme of allowances for Councillors on an annual basis. This review usually takes place at the same time as the IRP's report is considered.

**Service/Operational Implications**

- 3.4 Currently the Council's allowances scheme for travel expenses does not include reimbursement of taxi fares. Whilst Councillors would be expected to use the most cost effective form of transport when on Council business – usually public transport - there may be exceptional occasions when using a taxi is reasonable in the circumstances.
- 3.5 It is therefore proposed that appropriate wording is included within the Allowances Scheme, as follows:
- “The rate for travel by Taxi Cab shall not exceed:
- (iii) In cases of urgency or where no public transport is reasonably available, the amount of the actual fare and any reasonable gratuity paid, and
  - (iv) In any other case, the amount of the fare for travel by appropriate public transport.”
- 3.6 There are no direct service or operational implications arising from this report. Once the Council has agreed the allowances for 2016-17 Officers will update and publish the Members' Allowances Scheme as appropriate.

**Customer/Equalities and Diversity Implications**

- 3.7 None arising from this report.

**EXECUTIVE COMMITTEE**2nd February 2016

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**4. RISK MANAGEMENT**

Payments to Councillors can be a high profile issue. The main risks are reputational. However, the Council is transparent about the decisions made on allowances. The Allowances scheme and sums paid to Councillors each year are published on the Council's website.

**5. APPENDICES**

Report and recommendations from the Independent Remuneration Panel for 2016-17.

**6. BACKGROUND PAPERS**

Members Allowances Scheme – in the Council Constitution at part 18:  
<http://moderngovwebpublic.redditchbc.gov.uk/ieListDocuments.aspx?CId=379&MId=2355&Ver=4>

**AUTHOR OF REPORT**

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**Independent Remuneration Panel  
for Worcestershire District Councils**

**Annual Report and Recommendations for 2016-17**

**Redditch Borough Council**

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December 2015

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**Recommendations**

The Independent Remuneration Panel recommends to Redditch Borough Council the following:

1. That the Basic Allowance for 2016-17 shows a 1% increase to £4,250.
2. That the Special Responsibility Allowances are as set out in Appendix 1.
3. That travel allowances for 2016-17 continue to be paid in accordance with the HMRC mileage allowance.
4. That subsistence allowances for 2016-17 remain unchanged.
5. That the Dependent Carer's Allowance remains unchanged.
6. That for the Parish Council in the Borough, if travel and subsistence is paid, the Panel recommends that it is paid in accordance with the rates paid by Redditch Borough Council and in accordance with the relevant Regulations.

## **Introduction**

The Independent Remuneration Panel (IRP) has been appointed by the Council to carry out reviews of the allowances paid to Councillors, as required by the Local Government Act 2000 and subsequent legislation. The Panel has carried out its work in accordance with the legislation and statutory guidance.

The law requires each Council to “have regard” to the recommendations of the Independent Panel and we noted that last year the Borough Council did not accept our recommendations but decided instead not to increase allowances and for all allowances to remain at the rate agreed by the Council previously.

This year the Panel offered to meet with the Leader of the Council to discuss any other particular issues. We agreed mutually that there were no specific issues to discuss this year.

At this point we would like to stress that our recommendations are based on thorough research and benchmarking. We have presented the Council with what we consider to be an appropriate set of allowances to reflect the roles carried out by the Councillors. The purpose of allowances is to enable people from all walks of life to become involved in local politics if they choose.

However, we acknowledge that in the current challenging financial climate there are difficult choices for the Council to make. Ultimately it is for the Council to decide how or whether to adopt the recommendations that we make.

## **Background Evidence and Research Undertaken**

There is a rich and varied choice of market indicators on pay which can be used for comparison purposes. These include:

- National survey data on a national, regional or local level;
- Focussed surveys on a particular public sector;
- Regular or specific surveys
- Use of specific indices to indicate movement in rewards or cost of living.

As background for the decisions taken by the Panel this year we have:

- Analysed and considered the Annual Survey of Hours and Earnings (ASHE) statistics for 2015 which gives the mean hourly wage rate for Worcestershire at £14.68
- Benchmarked the Basic Allowance against allowances for comparable roles paid by the Chartered Institute of Public Finance and Accountancy (CIPFA) “Nearest Neighbour” Councils for each authority;

We give more details about these areas of research at the end of the report.

This autumn, Worcester City Councillors recorded time spent on Council business for a number of weeks. This enabled the Panel to confirm the number of hours per week for front

line councillors, which is used to calculate the recommended basic allowance. More detail is given about this under the Basic Allowance heading later in the Report.

The figure being recommended by the Panel of £4,250 (1% increase in line with the Public Sector settlement) for the Basic Allowance appears reasonable and appropriate when compared to other Local Authorities.

Arising from our research, in Table 1 we have included information showing the Members' allowances budget for Basic and Special Responsibility Allowances paid for 2014-15 as a cost per head of population for each Council. To give context, we have included details of the proportion of the net revenue budget spent by each Council on basic and Special Responsibility allowances.

In Table 2 we show the average payment per member of each authority of the Basic and Special Responsibility Allowances, which illustrates the balance between the level of Special Responsibility Allowances paid and the Basic Allowance.

**Table 1 - Total spend on Basic and Special Responsibility Allowances as a cost per head of population 2014-15 figures**

<b>Authority, population<sup>1</sup> and number of Councillors</b>	<b>Total spend Basic Allowances 2014-15 £:</b>	<b>Total spend on Special Responsibility Allowances (SRA) £:</b>	<b>SRA as a percentage of total Basic Allowance %:</b>	<b>Cost of total basic and SRA per head of population £:</b>	<b>Total of basic and SRA as a percentage of Net General Revenue Fund expenditure %</b>
Bromsgrove DC (39) 94,744	168,064	66,417	40%	2.48	234,481/ 12,456,000 =1.88%
Malvern Hills DC (38) 75,339	161,089	63,949	40%	2.99	225,038/ 10,736,000 = 2.10%
Redditch Borough (29) 84,521	95,804	44,709	47%	1.66	140,513/ 10,622,000 = 1.32%
Worcester City (35) 100,405	139,650	58,513	42%	1.97	198162/ 10,690,000 = 1.85%
Wychavon (45) 118,738	185,776.61	70,515.54	37.96%	2.16	256,293/ 12,255,000 = 2.09%

<sup>1</sup> ONS population figures mid 2013. Totals for Basic and Special Responsibility allowances paid are as published by each authority for the 2014-15 financial year.

**Table 2 showing average allowance per Member of each authority (Basic and Special Responsibility Allowances, 2014 – 15 figures)**

<b>Authority (number of Councillors)</b>	<b>Amount £</b>
Bromsgrove District (39)	6,012
Malvern Hills District (38)	5,921
Redditch Borough (29)	4,845
Worcester City (35)	5,661
Wychavon District (45)	5,695

### **Basic Allowance 2016 - 17**

#### **Calculation of Basic Allowance**

The Basic Allowance is based on:

- The roles and responsibilities of Members; and
- Their time commitments – including the total average number of hours worked per week on Council business.

We then apply a public service discount of 40% to reflect that Councillors volunteer some of their time to the role.

The Basic Allowance is paid to all Members of the Council.

Whilst each council may set out role descriptions for councillors, the Panel accepts that each councillor will carry out that role differently, reflecting personal circumstances and local requirements. However, we consider the Basic Allowance to include Councillors' roles in Overview and Scrutiny, as any non-Executive member of the Council is able to contribute to this aspect of the Council's work. It is for this reason that we do not recommend any Special Responsibility Allowance for members of the Overview and Scrutiny Committee. We also consider that ICT could be included in the Basic allowance as it is generally more readily available to individuals than in previous years. However, we are comfortable that specific local decisions may be made about how ICT support is provided.

As mentioned earlier, this year Worcester City Councillors recorded the time spent per week on Council business for a number of weeks during the early autumn. This was considered to reflect an appropriate "average" period of time for meetings and other commitments. The results from this survey showed that the average input was 10 hours and 50 minutes per week. This figure matches the one used for a number of years by the Panel, based on previous research with constituent councils, to calculate the basic allowance.

We reviewed the levels of wage rates for Worcestershire as set out in the ASHE data (details in appendix 2) and the benchmark information available to us from the Chartered Institute of Public Finance and Accountancy (CIPFA) "nearest neighbours" authorities as part of our research into the level of basic allowance recommended. We are also aware that after a period of no pay increases, the majority of local government employees received a 2.2% increase in pay in January 2015 in an agreement that lasts through to March 2016.

The Panel has not recommended any increase in the basic allowance since 2012 due to the exceptional economic circumstances which have prevailed nationwide and the challenging

financial climate for local authorities. However, arising from our research and benchmarking, and acknowledging the increase to local government employees' pay this year, we consider that it is appropriate to recommend an increase of 1% to the basic allowance for 2016-17.

The calculation used to arrive at the Basic allowance is set out at appendix 2. This shows an increase higher than 1% for the basic allowance. However, given the continuing pressure on local government finance and pay restraint for employees, the Panel is recommending that the increase in the basic allowance is capped at 1% for 2016-17, which gives a figure of £4,250 (rounded up)

The Council has previously not accepted our recommendations to increase the Basic Allowance to £4,200. For some years it has decided not to increase Members' allowances. However, we believe the scheme of allowances should not create barriers to potential candidates standing for office. We suggest it may be appropriate for the Council to consider increasing the Basic Allowance to match the pay award for local government employees and to move towards the rate we recommend for the role.

### **Special Responsibility Allowances (SRA) 2016-17**

#### **General Calculation of SRAs**

The basis for the calculation of SRAs is a multiplier of the Basic Allowance as advocated in the published Guidance.

The Panel has reviewed the responsibilities of each post, the multipliers and allowances paid by similar authorities. As in last year, the Panel has benchmarked the allowances against those paid by authorities listed as "nearest neighbours" by CIPFA.

The Panel has been asked on occasions to consider recommending SRA's for Vice-Chairmen of Committees. Having considered evidence presented to us and the nature of the roles, as a principle the Panel does not recommend SRA's for Vice-Chairman roles.

Appendix 1 to this report sets out the allowances recommended for 2016-17. We have highlighted changes to previous recommendations below.

#### **Audit, Governance and Standards Committee**

The Panel notes that in 2014-15 the Council merged the work of the former Standards Committee into the existing Audit and Governance Committee. The Panel continues to recommend a Special Responsibility Allowance is paid to the Chair of the Committee but notes that Redditch does not currently pay an allowance for this role.

### **Mileage and Expenses 2016-17**

The Panel notes that the Council has used the HMRC flat rate for payment of mileage for Councillors and recommends that this continues.

The Panel is satisfied that the current levels of subsistence allowances are set at an appropriate level and recommends that these continue.

The Panel notes that the Council's Scheme of Members' Allowances provides that Dependant Carer Allowances are payable to cover reasonable and legitimate costs incurred in attending approved duties and recommends that this provision continues.

### **Allowances to Parish Councils**

The Independent Remuneration Panel for Worcestershire District Councils acts as the Remuneration Panel for the Parish Councils in each District.

This year the Panel has not been asked to make recommendations on any matters by the Parish in Redditch. In the past the Panel which covered the three South Worcestershire Districts has considered travel and subsistence for Parish Councillors, and we consider it appropriate to apply this consideration to each of the Districts. We have reviewed the Parish Council travel and subsistence allowances and recommend for 2016 - 17 that no changes are made.

### **The Independent Remuneration Panel**

The Members' Allowances Regulations require Local Authorities to establish and maintain an Independent Remuneration Panel. The purpose of the Panel is to make recommendations to the authority about allowances to be paid to Elected Members and Local Authorities must have regard to this advice. This Council's Independent Remuneration Panel is set up on a joint basis with 4 of the other 5 District Councils in Worcestershire. Separate Annual Reports have been prepared for each Council.

The members of the Panel are:

**Rob Key, the Chair of the Panel** – Rob has 42 years' experience of working in District Councils in a variety of operational and management roles, including senior positions at Worcester City, Wychavon District and Wyre Forest District. He was an Independent Chair for the Strategic Health Authority for Continuing Care and sits on County Council Appeals Panels for School Preference Appeals and Service Complaints.

**Elaine Bell, JP, DipCrim** – Elaine has been a Magistrate for 20 years on the South Worcester Bench. She was Deputy Chair of the Bench for 5 years, standing down in July 2014 when bench boundaries changed. She was Chair of the Bench Training and Development Committee for 9 years, and sat on the Magistrates Advisory Panel for 9 years (interviewing and selecting applicants for appointment as Magistrates). She sits as Chair in both Adult and Family courts in the newly constructed Worcestershire Bench stretching geographically from Hereford, Kidderminster, Redditch and Worcester. She is also Chair of the Lloyds Educational Foundation, past member of Sytchampton School Appeals Panel; Past Hon Treasurer of Ombersley and Doverdale Tennis Club and a Past Governor of Ombersley Primary School.

**Bill Simpson MBE JP** Bill Simpson MBE JP – Bill spent 30 years in Further Education culminating in 11 years as Principal of Pershore College. He then entered the private sector as Director of two national Horticultural Societies, one being the Royal Horticultural Society.

He served as a magistrate for 9 years until retirement. He is a Trustee of several charities including chairing Thrive – the national Society for Horticultural Therapy between 1993 and 2008. A Past President of the professional Institute of Horticulture he returned to the Council in 2012 to achieve chartership with the Royal Charter being awarded in 2014. Currently he is Vice Chair of Governors of Red Hill CE Primary School Worcester and a Chair/Member of the County Council, Academy and Diocesan Panels for Schools Preferences Appeals. Appointed a Member of the British Empire (MBE) in 2011 for services to horticulture and the local community.

**Terry Cotton** - Terry spent 34 years working in central and local Government, mostly managing regeneration programmes across the West Midlands. Until May 2011 he worked at The Government Office for The West Midlands where he was a Relationship Manager between central and local Government and a lead negotiator for local performance targets. Following voluntary early retirement in May 2011, he worked part-time in Birmingham's Jewellery Quarter, setting up a new business led community development trust and currently works part-time for Worcestershire County Council on sustainable transport initiatives. He is also a trustee of a small charitable trust providing grants to grass roots community initiatives in deprived communities.

**Don Barber** – After several Human Resources and Productivity Improvement Management roles in Industry, Don became Chief Executive of a change management facilitating consultancy. Over the last 20 years he has been an independent consultant and advisor on a number of United Nations, European Commission, and World Bank transition projects, in particular in Europe, Africa, Asia, and Australasia. He also operates in an advisory role to other consultancy groups seeking EU contracts. This experience has included the development of national civil service/public sector reform programmes including aspects of the effect of legislative change for central and local government and, in the U.K., working for the Office of Manpower Economics (advisors to the Prime Minister) on Public Sector Pay, in particular relating to: Civil Service Pay Reform, UK Armed Forces and the Medical Professions.

The Panel has been advised and assisted by:

- Claire Chaplin and Margaret Johnson from Worcester City Council;
- Sheena Jones from Bromsgrove and Redditch Councils;
- Mel Harris from Wychavon District Council;
- Matthew Box from Malvern Hills District Council.

The Panel wishes to acknowledge its gratitude to these officers who have provided advice and guidance in a professional and dedicated manner.

**Rob Key, Chairman of Independent Remuneration Panel**

## Appendix 1

**Independent Remuneration Panel for District Councils in Worcestershire  
Recommendations for 2016-17**

<b>Role</b>	<b>Recommended Multiplier</b>	<b>Current Multiplier</b>	<b>Recommended Allowance £</b>	<b>Current Allowance (paid) £</b>
<b>Basic Allowance – all Councillors</b>	1	1	4,250	3,350
<b>Special Responsibility Allowances:</b>				
<b>Leader</b>	3	2	12,750	6,697 Plus 1,560 as Portfolio Holder
<b>Deputy Leader</b>	1.75	1.4	7,438	4,687 Plus 1,560 as Portfolio Holder
<b>Portfolio Holders</b>	1.5	0.46	6,375	1,560
<b>Executive Members without Portfolio</b>	0.25	0.32	1,063	1,072
<b>Chair of Overview and Scrutiny Committee</b>	1.5	0.6	6,375	2,009
<b>Members of Overview and Scrutiny Committee</b>	0	0.32	0	1,072
<b>Chair of Overview and Scrutiny Task Groups</b>	0.25	0	1,063	0



<b>Role</b>	<b>Recommended Multiplier</b>	<b>Current Multiplier</b>	<b>Recommended Allowance £</b>	<b>Current Allowance (paid) £</b>
<b>Chair of Audit, Governance and Standards Committee</b>	0.25	0	1,063	0
<b>Chair of Planning Committee</b>	1	0.47	4,250	1,560
<b>Chair of Licensing Committee</b>	0.75	0.4	3,188	1,340
<b>Political Group Leaders</b>	0.25	0.31	1,063	1,040 X1
<b>Borough Council representatives on the following bodies:</b>				
<b>Local Government Association (LGA) and General Assembly</b>	0	N/A	0	269
<b>West Midlands Employers</b>	0	N/A	0	269

## Appendix 2

**Summary of Research**Chartered Institute of Public Finance and Accountancy (CIPFA) “Nearest Neighbour” authorities tool.

No two Councils or sets of Councillors are the same. Developed to aid local authorities in comparative and benchmarking exercises, the CIPFA Nearest Neighbours Model adopts a scientific approach to measuring the similarity between authorities. Using the data, Redditch’s “nearest neighbours” are:

- Tamworth
- Cannock Chase
- Stevenage
- Worcester City
- Gravesham
- Wellingborough

Information on the level of Basic and Special Responsibility Allowances was obtained to benchmark the levels of allowances recommended to the District Council.

Annual Survey of Hours and Earnings (ASHE) Data on Pay

<http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-400803>

Table 8.6a – hourly pay for all employees by local authority place of residence

Published by the Office for National Statistics, the Annual Survey of Hours and Earnings (ASHE) shows detailed information at District level about rates of pay. For benchmarking purposes the Panel uses the levels for hourly rates of pay excluding overtime. This is multiplied by 11 to give a weekly rate, which is then multiplied by 44.4 weeks to allow for holidays.. This was the number of hours spent on Council business by frontline Councillors which had been reported in previous surveys and substantiated by a survey with Worcester City Councillors in the autumn of 2015. The rate is then discounted by 40% to reflect the element of volunteering that each Councillor undertakes in the role. For 2016-17 the Panel is recommending that the increase in the basic allowance is capped at 1%.

CPI (Consumer Price Inflation)

In arriving at its recommendations the Panel has taken into account the latest reported CPI figure available to it, published by the Office for National Statistics. This was -0.01% for October 2014 – October 2015.

**COUNCIL**

22<sup>nd</sup> February 2016

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**89. MEDIUM TERM FINANCIAL PLAN 2016/17 – 2018/19**

**RECOMMENDED that**

- 1) the savings and additional income for 2016/17 of £619k as detailed in the report be approved;**
- 2) the revenue bids for 2016/17 of £10k as detailed in the report be approved;**
- 3) the capital bids for 2016/17 of £1.220m as detailed in the report be approved;**
- 4) the unavoidable pressures for 2016/17 of £305k as detailed in the report be approved;**
- 5) the increase in Council Tax for 2016/17 of 1.9% be approved; and**
- 6) the transfer from balances for 2016/17 of £579k as detailed in the report be approved.**



**EXECUTIVE COMMITTEE****2<sup>ND</sup> FEBRUARY 2016****MEDIUM TERM FINANCIAL PLAN 2016/17 – 2018/19**

Relevant Portfolio Holder	John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering ( Exec Director)
Wards Affected	<b>All</b>
Ward Councillor Consulted	None specific

**1. SUMMARY OF PROPOSALS**

- 1.1 To enable Members to recommend the proposed budget for 2016/17 and to consider the impact of the financial settlement on the medium Term Financial Plan to 2018/19. .

**2. RECOMMENDATIONS****2.1 The Committee is asked to RECOMMEND ;**

- 2.1.1 the savings and additional income for 2016/17 of £619k  
 2.1.2 the revenue bids for 2016/17 of £10k  
 2.1.3 the Capital bids for 2016/17 of £1.220m  
 2.1.4 the unavoidable pressures for 2016/17 of £305k  
 2.1.5 the increase in Council Tax for 2016/17 of 1.9%  
 2.1.6 the transfer from balances of £598k

- 2.2 The Committee is asked to consider and comment on the future years Medium Term Financial Plan and approve the steps proposed to ensure the funding available meets the needs of the Borough over the next 3 years.

**3. KEY ISSUES****Financial Implications**

- 3.1 The Council receives a proposed financial settlement on an annual basis from Central Government. Over the last few years the element of the funding allocated that relates to the Revenue Support Grant (RSG) has been reducing and the grant for 2015/16 is £1.567m.
- 3.2 Following announcements made in the Autumn Statement the Council was expecting this RSG to reduce to zero by the end of the Parliament ie 2019/20. Officers were considering plans to address this shortfall in revenue to ensure that a sustainable approach to the delivery of services was in place. Over the last few years the Council has taken every opportunity to deliver savings to meet the reduction in

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Government funding to include sharing of services with other Councils and looking to transform our services to our community. Savings of £1.5m per annum have been realised from these initiatives whilst increasing balances to £1.9m and officers are continuing to review services to improve the offer to our residents whilst delivering savings.

- 3.3 The Provisional Settlement was received in late December and contained more detail on funding allocations. The funding allocations have changed from 2016/17 and therefore the Revenue Support Grant will disappear for Redditch earlier than anticipated and by 2018/19 will only be £40k with payments to Government ( negative grant ) being made by 2019/20 of £330k.
- 3.4 In previous years the funding reductions have been calculated on the Business Rates Baseline together with the Revenue Support Grant. The Baseline Funding Level is the amount the Council retains from the £39m collected from Business Rates within the Borough. The following table shows the total funding received from Government in 2015/16.

2015/16	£m
Baseline Funding Level	2.003
Revenue Support Grant	1.578
<b>TOTAL FUNDING RECEIVED (Settlement Funding Assessment)</b>	<b>3.581</b>

- 3.5 From 2016/17, the Government has proposed changes to the way cuts are implemented. A new calculation called 'Core Funding' is to be used as the basis for reducing the funding given to the Council from Central Government. The Core Funding now includes the Council Tax Requirement (Council Tax Revenue) from 2015/16 together with the Settlement Funding Assessment ( as detailed in 3.4) .For Redditch, the Core Funding was worth £8.978m in 2015/16.

2015/16	£m
Settlement Funding Assessment	3.581
Council Tax Requirement	5.397
<b>CORE FUNDING</b>	<b>8.978</b>

- 3.6 It is proposed that between 2015/16 and 2019/20, uniform annual cuts are to be applied to each tier of local authorities' Core Funding. Over this four year period, the cumulative cut to lower tier services (Borough) will be 19.2%. This results in the new Core Funding Assessment to be £7.254m.

	£m
Settlement Funding Assessment 2015/16	3.581
Council Tax Requirement 2015/16	5.397

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Core Funding 2015/16	8.978
Cumulative Reduction	-19.2%
<b>CORE FUNDING 2019/20</b>	<b>7.254</b>

- 3.7 If Core funding for 2019/20 is £7.254m the Settlement Funding Assessment for Redditch ( funding to be received from Government ) is £1.857m. This is due to the income from Council Tax being taken as part of the Core Funding.

	<b>£m</b>
Core Funding 2019/20	7.254
Less - Council Tax Requirement	-5.397
<b>SETTLEMENT FUNDING ASSESSMENT</b>	<b>1.857</b>

- 3.8 Once the Settlement Funding Assessment falls below the amount the Council retains from Business Rates which would equate to £2.187m in 2019/20 the Council is then in the position to return funding to Government. In 2019/20 this is assessed to be £330k.

	<b>£m</b>
Business Rates Baseline 2019/20	2.187
Settlement Funding Assessment 2019/20	1.857
<b>PAYMENT TO GOVERNMENT</b>	<b>0.330</b>

- 3.9 It is clear that this new methodology for determining authorities' Revenue Support Grant (RSG) allocations takes into account individual authorities' council tax raising ability and the type of services provided. This is a significant change in the methodology and would appear to favour social services authorities, with significantly larger funding reductions for district councils. It reduces government funding assuming optimistic increases in housing growth and council tax increases and may prove to be unrealistic. Central government intend for local government to be able to spend the same level by the end of this Parliament in cash terms as it does today – therefore a real terms reduction.
- 3.10 The table below reflects the reductions to RSG funding for Redditch based on the Grant received in 2015/16 .

£000's	2015/16	2016/17	2017/18	2018/19	2019/20
Redditch <i>Cumulative Reduction</i>	1,567	900 (-43%)	360 (-77%)	40 (-97%)	-330 (-121%)

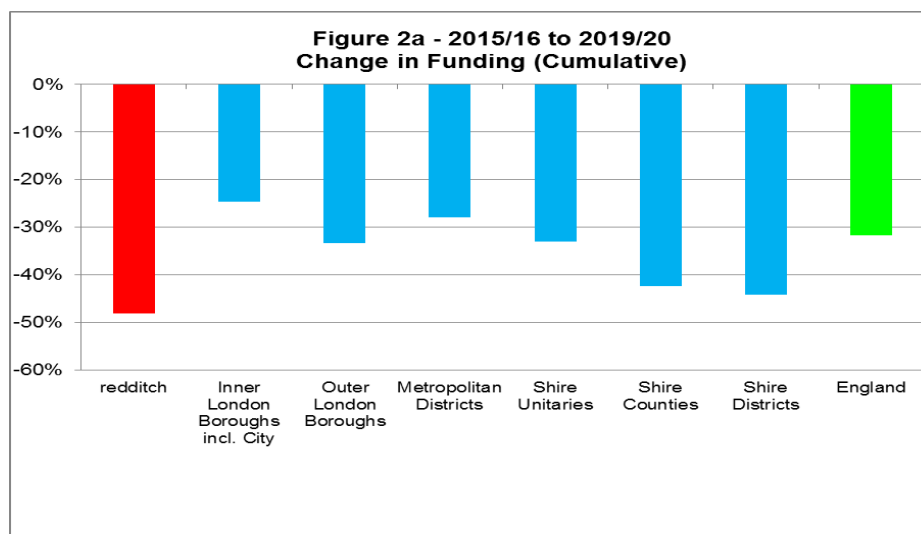
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- 3.11 As Members are aware there were indications in the Summer that the RSG would be withdrawn in full over the next 4 years. An assessment had been made of this loss within the financial planning however the front loading of the grant had not been anticipated. The following illustrates the impact of the settlement on council, the loss of RSG over the next 4 years up to and including 2019/20 compared to previous forecasts.

Revenue Support Grant	Medium Term Financial Plan Assumption £'000	Settlement December 2015 £'000	Reduction to Financial Plan Assumptions £'000
2016/17	1,499	900	-599
2017/18	1,424	360	-1,064
2018/19	700	40	-660
2019/20	350	-330	-680
Total	3,973	970	-3,003

- 3.12 The £3m shortfall in funding relates to that compared with the original budget assumptions. It is worth noting that the £3m loss increases to £5m should real terms inflation be added to the base position for 2015/16. The graph below shows the impact of the significant funding reductions over the 4 year period for Redditch compared to other Councils.





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- 3.13 The Council Tax Discount Scheme funding which was included into the Revenue Support Grant in 2013/14 will also disappear and therefore all funding for Council Tax Support will have to be met by the Borough.
- 3.14 The other element of significant income to the Council is New Home Bonus. The Government have stated that this fund will continue on the current basis for 2016-17. The position beyond 2016-17 is not yet confirmed as it is subject to consultation although it will continue albeit on a reformed basis.
- 3.15 The level of New Homes Bonus for 2016/17 is £1.1m. Based on projections included within the consultation paper the following table shows the impact of the reductions in New Homes Bonus that may face the Council depending on the final scheme implemented.

£000's	2017/18	2018/19	2019/20	2020/21	Total
Redditch	295	493	622	688	2,098

- 3.16 The consultation also include proposals to reduce New Homes Bonus (NHB) where there is no local plan, where homes have been allowed on appeal or where the growth would have occurred anyway.
- 3.17 The consultation on what proposals for the move to 100% business rates retention may look like is expected to be issued in June 2016. This may be of benefit to Redditch but with anticipated appeals on Business Rates and limited information available on the proposals it is difficult to assess the impact of the financial plan.
- 3.18 As part of the financial statement information there was confirmation that Councils could take up a four year deal to ensure stability across the financial plan. There was indication that an efficiency statement would have to be provided to secure this agreement but the details of format or monitoring arrangements of the efficiency arrangements have not yet been released. Further reports will be brought to members for consideration once the details are available.
- 3.19 Other key elements of the Provisional Settlement and Autumn Statement so far as it relates to local government are:
- **A social care council tax 'precept'** of 2% will allow councils responsible for delivering adult social care such as Worcestershire County Council to raise up to £2 billion a year by 2019-20. Local authorities will be given this additional 2% flexibility on their current council tax referendum threshold to be used entirely for adult social care. This is a new power for relevant councils to increase council tax to specifically pay towards social care in their areas;

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- **An extra £1.5bn for the Better Care Fund** by the end of the Parliament – more information needed to understand the impact of this;
- The extension of **Small Business Rate Relief** to continue for another year – this is good news for local businesses and for our Business Rates Accounts;
- “Local authorities running education to become a thing of the past, delivering £600m savings to Education Services Grant”;
- Plans to build an additional 400,000 affordable homes by the end of the decade.
- An apprenticeship levy will be introduced in April 2017 at a rate of 0.5% of an employer’s pay bill, to deliver 3 million apprenticeship starts by 2020. This is estimated to cost this Council around £30k ( General Fund) and £17k ( HRA) pa from 2017-18.
- Over £500 million by 2019-20 for the Disabled Facilities Grant to fund up to 85,000 housing adaptations pa. More detail on this proposal is needed to fully understand the impact of this change;
- **Homelessness** - increased funding of £10m available to invest in innovative ways of preventing and reducing homelessness. More detail on this proposal is needed to fully gauge the impact;
- Restrictions on **shared ownership** to be removed and planning system reformed to deliver more homes;
- Real-terms protection for the police budget.

## 3.20 Some further interesting points were included:

- Proposal to reform services and make them more efficient. A package of new flexibilities will be introduced to encourage local authorities to **release surplus assets**. Local authorities will be able to spend 100% of their fixed asset receipts investing in making services more efficient (local authorities currently hold £225 billion in assets). Under this guidance councils will be able to use new capital receipts from April 2016 to March 2019 to pay for the revenue set up costs of projects that are designed to make revenue savings. It will be for individual local authorities to decide if a project qualifies. In order to qualify, councils will be required to prepare an annual efficiency strategy listing all qualifying projects and this strategy, and any variations to it, will need to be approved by full council.
- It is proposed that the regime of referenda for “excessive” council tax increases will continue at the current rate of 2 percent. Council’s are asked to be mindful of prevailing inflation rates when considering increases and the DCLG have confirmed that there is no council tax freeze grant offer for 2016-17. This does not affect past allocations which are locked into the revenue settlement.

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- 3.21 The impact of the settlement and in particular the speed that the RSG is reducing compared to that originally anticipated, together with the uncertainties around the New Homes Bonus funding will make it difficult to identify all the savings required to balance the financial position over the medium term.
- 3.22 A response to the proposed settlement has been sent by the Council and is attached at Appendix 1.
- 3.23 In light of the financial pressures facing the Council a full review of all expenditure and income generated has been undertaken by officers to ensure that only essential spend in delivering services is incurred which will give the Council the ability to increase balances to support the pressures over the next 4 years.
- 3.24 As part of this exercise officers have identified a number of financial unavoidable pressures that they have raised as impacting on their ability to deliver their service against the proposed budgets for 2016/17. In addition they have proposed savings or additional income generated and capital bids for projects and replacement of equipment.
- 3.25 The savings and additional income include:
- General review by managers of all budgets to identify where expenditure budgets can be released to support the financial plan
  - Further savings from the Place review within Environmental Services
  - Funding from earmarked reserves of associated expenditure
  - Significant income generated from the crematorium. As Members are aware the improved facilities will increase income whilst presenting an enhanced environment to the public and funeral officials
- 3.26 The identified unavoidable pressures include:
- The financial cost associated with the increase in properties in the Borough and therefore the additional refuse staffing required
  - The financial cost of the reductions in supporting people funding and the potential loss of the Early Help contract due to commissioning
  - The cost associated with retaining the fraud team within the Council to support identification and prosecution of fraud for the remaining services to be undertaken by the Council following the housing benefit fraud work being transferred to the DWP

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- The shortfall in income following Members decision to defer the alternative model of service delivery in Leisure whilst a full review of customer demand and value is undertaken

3.27 The Capital bids proposed include:

- Purchase of a new refuse vehicle to address the additional demand on the service from the new properties in the Borough
- Improvements to the gym equipment and the dance studio at the Abbey Stadium
- Flood mitigation works

In relation to funding of the Capital Programme from borrowing; the Minimum Revenue Provision ( MRP - statutory element of the funding calculation)will be determined by charging the expenditure over the expected useful life of the relevant assets. This will be the principal annuity with an annual interest rate of 4% starting in the year after the asset becomes operational. This is a change from previous years, where MRP was charged in equal instalments over the useful life. This change has come about in order to recognise the time value of money, resulting in less charge in early years, rising as time goes on

3.28 Clearly the impact of the reduction in RSG and the proposed unavoidable pressures have resulted in a financial position that is worse than that originally anticipated and officers have therefore considered all elements of funding to achieve a balanced budget for 2016/17. It is proposed that a number of actions are undertaken to achieve a balanced financial position over the financial plan period and reports will be presented to members during 2016/17 to identify how the shortfalls in future years can be met.

3.29 It is proposed that officers undertake a comprehensive exercise of mapping all demand that is met by the Council. This will involve an full analysis of the associated costs and the value to our residents and community in how we achieve the demand. This will enable the Council to address services across a matrix of cost / demand and value and to focus on those areas whereby high cost / low value/ low demand can be explored further. This would provide opportunities to work with other stakeholders or to enable the Council to decide if a service provided really gives value to both the Council and the community. It is anticipated that further savings and reductions in costs can be realised from this exercise.

REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

2<sup>ND</sup> FEBRUARY 2016

3.30 The 3 year financial summary, including the reductions in grant and the proposed pressures and savings is shown overleaf;

<b>REDDITCH 2016/17-2018/19</b>			
	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Departmental Expenditure (Starting Position)	10,717	10,593	10,593
Incremental Progression/Inflation on Utilities	10	221	559
Unavoidables	305	364	370
Revenue Bids/Revenue impact of capital bids	10	10	10
Savings and Additional income	-619	-522	-531
<b>Net Service Expenditure</b>	<b>10,424</b>	<b>10,666</b>	<b>11,002</b>
Investment Income	-494	-494	-495
Cost of Borrowing	835	1,014	994
Recharge to Capital Programme	-505	-505	-505
<b>Net Operating Expenditure</b>	<b>10,260</b>	<b>10,681</b>	<b>10,996</b>
Funding from reserves	0	0	0
Revenue Support Grant	-900	-360	-40
Business Rates Retention (Baseline Funding)	-2,020	-2,060	-2,120
Business Rates Growth	0	0	0
Funding from Business Rate Pool	0	0	0
New Homes Bonus	-1,126	-1,154	-695
New Homes Bonus Community Scheme	0	0	0
Collection Fund Surplus (Council Tax)	-104	0	0
Council Tax	-5,574	-5,725	-5,932
Other Grants	-16		
Admin Subsidy Grant Reduction	101	127	167
Business Rates Growth	-50	-50	-50
Parish Precept	8	8	8
Transfer from Balances	-579	0	0
<b>Funding Total</b>	<b>-10,260</b>	<b>-9,215</b>	<b>-8,663</b>
<b>Shortfall</b>	<b>-0</b>	<b>1,466</b>	<b>2,333</b>

3.31 Should the budget projections for 2016/17 be approved the balances will reduce to £1.3m which remains at £550k above the minimum level that is set by the S151 Officer .

**EXECUTIVE COMMITTEE****2<sup>ND</sup> FEBRUARY 2016**

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**Service / Operational Implications**

- 3.32 The pressures as identified will ensure that services are delivered to the community. The additional cuts to RSG will need to be addressed to ensure that quality of service provision is maintained in the Borough.

**Customer / Equalities and Diversity Implications**

- 3.33 Undertaking a comprehensive review of the financial cost and the value of the demand on all the Councils services will ensure that all customers needs will be identified to enable members to make informed and considered judgements about the budget over the financial plan.

**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 – response to Settlement
- Appendix 2 – Proposed Savings
- Appendix 3 – Proposed revenue bids
- Appendix 4 – Proposed Unavoidable pressures
- Appendix 5 – Capital Bids

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## Appendix 1

**Redditch Borough Council response to consultation questions*****Question 1: Do you agree with the methodology for allocating central funding in 2016-17, as set out in paragraphs 2.6 to 2.8?***

No. Council tax income should not be used in the formula for calculating the distribution of central resources. Local authorities are pursuing tax base growth and taking decisions on the level of council tax as a means of meeting cost pressures and offsetting reductions in central grant funding.

In addition it is clear that growth in housing ( therefore an increase in tax base) results in additional residents to provide services for. Therefore a proportion of the tax base increase also needs to be used to address the resultant pressures associated with this growth, for instance demographic or volume changes in leisure, early help and environmental services eg. waste collection. To build assumed increases in council tax means this growth is required just to maintain a standstill position, and does not contribute to cost pressures over and above this. The Council therefore would have to meet this pressure elsewhere or not provide the services to our residents.

***Question 2: Do you agree with the proposed methodology for calculation of the council tax requirement for 2016-17, as set out in paragraphs 2.10 and 2.11?***

The calculation of council tax requirement for 2016/17 takes into account increases in the tax base that are due to one off growth as a result of changes to the councils Council Tax Support Scheme. These should not be part of the calculation moving forward as it is not a true reflection of the real growth in the District.

***Question 3: Do you agree with the proposed methodology in paragraph 2.12 for splitting the council tax requirement between sets of services?***

No specific comments as this does not effect this Council.

***Question 4: Do you wish to propose any transitional measures to be used?***

Yes. To be faced with such a significant level of funding changes at such a late stage ( weeks away from setting the budget) and will no previous indication results in a severe challenge in achieving a balanced budget. The Council would not be able to make considered and informed decisions on savings and this would be impossible in the current timeline. Therefore savings may carry a greater risk that they would not be fully realised in 2016/17. A transitional system which limits the percentage reduction in total funding and which ideally also takes account of cost pressures should be implemented.

The impact could also be reduced should there be continued funding for the Local Council Tax Support Scheme which is currently funded as part of the RSG.

***Question 5: Do you agree with the Government's proposal to fund the New Homes Bonus in 2016-17 with £1.275 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.15?***

For Redditch Borough Council New Homes Bonus represents a significant source of income, however, raising the topslice will increase the impact to local authorities of reductions in overall RSG. Therefore the top slice should remain the same with any unused funds being returned to authorities as in previous years.

**Question 6: Do you agree with the Government's proposal to hold back £50 million to fund the business rates safety net in 2016-17, on the basis of the methodology described in paragraph 2.19?**

No. The intention was that the business rates safety net should be funded by income from the business rates levy. There has not been a change to this policy and the Council does not see the rationale as to why the Government would require this topslice. Releasing this topslice would provide resources for some transitional protection to those Councils most greatly effected.

**Question 7: Do you agree with the Government's proposed approach in paragraph 2.24 to paying £20 million additional funding to the most rural areas in 2016-17, distributed to the upper quartile of local authorities based on the super-sparsity indicator?**

Not applicable to this Council but the value does seem high in light of the significant cuts other Councils are facing

**Question 8: Do you agree with the Government's proposal that local welfare provision funding of £129.6 million and other funding elements should be identified within core spending power in 2016-17, as described in paragraph 2.28?**

As RSG is reduced to minimal or negative amounts by 2019/20: authorities will have to fund this spend from other sources, therefore it is misleading to imply that the funding is available. There needs to be greater transparency in the settlement to enable Councils to understand and explain the changes in funding allocations.

**Question 9: Do you agree with the Government's proposal to include all of the grant funding for the Care Act 2014 (apart from that funded through the Better Care Fund) in the settlement, using the methodology set out in paragraph 3.2?**

By including the funding in this way it attracts the same levels of reduction rather than protecting this grant element.

**Question 10: Do you agree with the Government's proposal to include all 2015-16 Council Tax Freeze Grant in the 2016-17 settlement, using the methodology set out in paragraph 3.3?**

Yes, all council tax freeze grant should be included in core funding. However once the negative RSG is applied this funding will no longer be paid and therefore does not provide certainty to Councils.

**Question 11: Do you agree with the Government's proposal to include all 2015-16 Efficiency Support Grant funding in the settlement and with the methodology set out in paragraph 3.5?**

See answer to question 10. Same applies.

**Question 12: Do you agree with the Government's proposal to include funding for lead local flood authorities in the 2016-17 settlement, as described in paragraphs 3.6 and 3.7?**

Not applicable – however as with the other grants being included will mean that they are also subject to the cuts and may no longer be paid once the Council is in negative RSG.

**Question 13: Do you agree with the Government's proposal to pay a separate section 31 grant to lead local flood authorities to ensure funding for these activities increases in real terms in each year of the Parliament?**

Yes



**Question 14: Do you have any views on whether the grant for lead local flood authorities described in paragraph 3.8 should be ring-fenced for the Spending Review period?**

It is better to give Councils greater flexibility and ringfencing may hinder this.

**Question 15: Do you agree with the Government's proposal to adjust councils' tariffs / top ups where required to ensure that councils delivering the same set of services receive the same percentage change in settlement core funding for those sets of services?**

No. It is not clear how the "negative RSG" mechanism will work and the basis of the Spending Power/ Settlement Funding assessment is fundamentally flawed.

The new methodology for determining authorities' RSG allocations which takes account of individual authority's council tax raising ability and the type of services provided appears to favour upper tier authorities with significantly larger funding reductions for this Borough. The fact that we also provide some form of Adult Social Care through the provision of services to older people has been completely ignored.

With regard to Council Tax, the calculation of core spending power is distorted by some questionable growth assumptions used in respect of the movement in the taxbase. The formula has used the average growth between 2013/14 and 2015/16, but this is a flawed. Those years saw changes to the tax base through 'one-off' items such as the uplift in the Council Tax Support scheme, and changes made to council tax discounts and exemptions; effectively these one-off items have distorted the calculations. In earlier years, when there was less distortion, the average increases are significantly lower. These assumptions have inflated the Core Spending Power of the Council and therefore increased the level of cuts.

As a result council tax income levels are ambitious and in turn dampen the potential 'real' reduction in core spending power. It is noted that government has chosen not to use the OBR forecast of taxbase growth, but instead calculated individual figures for each council using average growth between 2013/14 and 2015/16. This is a serious concern as it has produced some ambitious projected council tax levels; and as a result it requires modification.

When Business Rates Retention was introduced the policy document stated that "this will provide a strong financial incentive for councils to promote economic growth". It also stated the following regarding tariff and top-up payments "They will not change until the system is reset. The Government has said that this will not occur before 2020 at the earliest. This will provide councils with the certainty they need to plan and budget". Now from 2017/18, a tariff adjustment is being proposed before the system is reset. This is in contradiction of the previous policy document.

**Question 16: Do you have an alternative suggestion for how to secure the required overall level of spending reductions to settlement core funding over the Parliament?**

While the Council accepts the need for spending reductions within the wider economic context, we believe that there needs to be a full and fair review of both needs and resources to inform these and any redistribution; and that funding allocations must take account of the incidence of future spending pressures and inflation. All these appear to be lacking in the Provisional Settlement proposals. The Mechanism for using Council Tax growth assumptions to calculate the Spending Power and resulting cuts to funding is not fair or transparent way of dealing with delivering a balanced budget.

There are a number of freedoms and flexibilities which we believe would help bridge the shortfall. These include:

- Enabling full cost recovery on fees such as those for planning applications which are set at statutory levels.
- Enabling surplus to be made on Building Control and any other restricted services
- Enable increase in Council Tax over 2%
- Capital receipts flexibility in use to offset revenue shortfalls in the short term
- Review of protected groups in relation to Council Tax Support Scheme

***Question 17: Do you have any comments on the impact of the 2016-17 settlement on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation?***

The level of cuts facing this Council will result in a review of service provision and a considered judgement and decisions will be made in light of the impact on all of our residents. By making the cuts in the speed and value that are proposed in the settlement will mean that residents will have to see the impact of these cuts in the services and support we provide.

**SAVINGS & ADDITIONAL INCOME - RBC**

Department	Strategic Purpose	Description of saving	2016-17 £'000	2017-18 £'000	2018-19 £'000	Comments
Leisure and Cultural Services , Hewell Road	Provide Good things to see, do and visit	Rates charge built into 1617 budget but no longer required as building demolished	-5	-5	-5	Rates no longer chargeable as building demolished.
Leisure and Cultural Services , Hewell Road	Provide Good things to see, do and visit	vacant post given up - business Development	-11	-11	-11	Vacant post released
Leisure and Cultural Services , Hewell Road	Provide Good things to see, do and visit	Various	-44	-44	-44	Following full review of all budgets a number of savings can be released
Leisure and Cultural Services , Hewell Road	Provide Good things to see, do and visit	Savings anticipated	300	300	300	There was an expectation to reduce costs associated with Leisure Services by £300k from 2016/17. Members have agreed that further work be undertaken on assessing the demand and value of the services provided therefore it is not appropriate to include savings until this work is completed
Environmental Services	Keep my place safe & looking good	Various savings in Supplies & Services due to the restructure of the Service	-24	-24	-24	Various savings in Supplies & Services due to the restructure of the Service
Environmental Services	Keep my place safe & looking good	Additional savings generated from Service Review	-139	-125	-125	Savings generated from Service Review in addition to £190k savings identified in 15/16 budget round for 16/17 onwards as a result of the service review.
Environmental Services	Keep my place safe & looking good	Additional income - cremation fees	-52	-131	-210	Additional income generated from price 8% annual increase on cremation fees
Environmental Services	Keep my place safe & looking good	Additional income from increase in number of cremations	-125	-130	-135	Anticipated growth in funeral numbers based on actual income achieved over budget in last few years
Corporate - Printing	Enabling	Savings due to print efficiencies	-46	-46	-46	Change to the way print contracts are managed
Community Services	Help me live my life independantly	Various	-53	-53	-53	Following full review of all budgets a number of savings can be released
Business Transformation	Enabling	Central Switchboard	-6	-6	-6	Following full review of all budgets a number of savings can be released
Business Transformation	Enabling	Operational Budgets	-38	-38	-38	Following full review of all budgets a number of savings can be released
Business Transformation	Enabling	Training budget	-5	-5	-5	Following full review of all budgets a number of savings can be released
Legal, Equality and Democratic Services - Elections	Enabling	Local Election savings due to PCC taking place in 16/17 and CC in 17/18	-35	-75		Due to the local election being combined with the PCC in 16/17 there will be lower costs. In 17/18 there are no Local Elections, only County Council

Department	Strategic Purpose	Description of saving	2016-17 £'000	2017-18 £'000	2018-19 £'000	Comments
Legal, Equality and Democratic Services	Enabling	Shared service posts	-16	-16	-16	Vacant posts in Democratic Services
Legal, Equality and Democratic Services	Enabling	Operational Budgets	-13	-13	-13	Following full review of all budgets a number of savings can be released
Customer Access and Financial Support	Help me be financially independent	Reduction in Hours	-17	-17	-17	Reduction in Hours within Customer Services
Finance & Resources	Enabling	Reduction in post costing	-3	-3	-3	Reduction in costs associated with the apprentice post
Reserves	All	Funding from Reserves	-207			Following full review of all expenditure a number of costs can be funded from the reserves previously set aside
Various	All	Review of HRA funding	-80	-80	-80	Following a review of the costs between the General Fund and HRA additional charges can be made to the HRA
<b>TOTAL</b>			<b>-619</b>	<b>-522</b>	<b>-531</b>	

**UNAVOIDABLE PRESSURES - RBC**

Department	Strategic Purpose	Description of Pressure	2016-17 £'000	2017-18 £'000	2018-19 £'000	Comments
Community Services - Lifeline	Live my life independently	loss of supporting people funding	40	40	40	In 2014/15 WCC removed the £200k Supporting People Funding to the Council. There is a shortfall of £40k following the introduction of charges to customers.
Community Services - Early Help	Live my life independently	loss of support services contribution by Early Help	37	75	75	Early Help contract ceases at Oct 2016 and therefore there is a potential cost back to the Council for the support services that are currently charged to Early Help
Environmental Services	Keep my place safe & looking good	Domestic Waste collection - increase in properties throughout borough	96	98	100	Additional staff resources required to accommodate for borough wide developments - 1 driver, 2 loaders. Includes running costs of vehicles ( £30k)
Leisure and Cultural Services-Abbey Stadium	Provide good things to see, do and visit	Increase in Music & PRS Licenses	15	15	15	Relates to the increase in licenses to enable music to be played at the Abbey Stadium
Business Transformation - ICT	Enabling	Microsoft License Costs/Increase	28	44	44	Microsoft are changing the framework arrangements and the associated discounts that the Council current benefits from and therefore the costs will increase
CAFS - Fraud and Compliance	Help me be financially independent (incl education & skills)	Reduction in DWP funding	89	92	96	Following the transfer of housing benefit fraud to the DWP an assessment has been made by officers in liaison with other Councils and it is clear that resources are still required to prevent and manage Council Tax and other compliance fraud. It is therefore proposed to retain the specialist team in house to undertake this work and to lok for opportunities to increase income to the Council in future years.
<b>TOTAL</b>			<b>305</b>	<b>364</b>	<b>370</b>	



**NEW REVENUE BIDS - RBC**

Department	Strategic Purpose	Description of revenue bid	2016-17 £'000	2017-18 £'000	2018-19 £'000	Comments
Planning - Redditch Town Centre	Give me good things to see, do and visit, help me run a successful business	Provide funding to deliver projects around the Town Centre	10	10	10	To extend the small businesses within the Town Centre budget as agreed in 2015/16 of £20k to further enhance opportunities to promote the Town Centre
<b>TOTAL</b>			<b>10</b>	<b>10</b>	<b>10</b>	





**CAPITAL BIDS - RBC**

Department	Strategic Purpose	Description	Funding Source i.e. Grant, Borrowing, Reserve, S106	CAPITAL IMPLICATIONS			Comments
				2016-17 £'000	2017-18 £'000	2018-19 £'000	
Community Services - CCTV	Keep my place safe and looking good	Camera Replacement programme	Capital Borrowing	55	0	0	CCTV Camera replacement programme
Leisure and Cultural Services, Abbey Stadium	Provide good things to see, do and visit	Replacement Gym Equipment	Capital Borrowing	85			Includes 25 CV and 9 spin bikes - based on Life Fitness Quotation. Spin bikes based on Start Track quote. This is to replace 15 year old equipment at Abbey Stadium as due to its condition we are experiencing complaints leading to members cancelling memberships. This has an effect on the revenue generated from health and fitness income.
Leisure and Cultural Services Pitcheroak Golf Course	Provide good things to see, do and visit	Installation of Driving Range	Capital Borrowing	10	0	0	This is to try to generate more income to mitigate the shortfalls experienced over the last couple of years. The range will mean that the course will be an all year round facility and schools / residents / club members can enjoy quality practice facilities thus retaining existing golfers and attracting new golfers to the course.
Leisure and Cultural Services Parks & Green Spaces	Provide good things to see, do and visit	Mitigation arising from Water Risk Assessments	Capital Borrowing	10	0	0	As a result of the Rospa report and our own Risk Assessments of the "Hot Spot" inland waterways a range of mitigation methods have been identified to ensure the Council is compliant and the public remain safe
Environmental Services	Keep my place safe & looking good	Crematorium Improvements	Borrowing	200	0	0	To improve the facilities and environment of the crematorium for the public as included in previous reports to members
Environmental Services	Keep my place safe & looking good	Vehicle fleet replacement	Borrowing	0	0	1,138	To provide replacement vehicles and plant to sustain services across the Borough
Environmental Services	Keep my place safe & looking good	Additional refuse freighter	Borrowing	165	0	0	Additional vehicle required to accommodate district wide property developments
Environmental Services	Keep my place safe & looking good	Flood alleviation work in Moons Moat Drive/Hillmorton Close and Yvonne Road	Borrowing	45	0	0	Flood alleviation work in Moons Moat Drive/Hillmorton Close and Yvonne Road.
Environmental Services	Keep my place safe & looking good	Car Parking Enhancements	Borrowing	200	200	200	To continue the enhancements to car parking across the Borough to improve the environment to residents
Leisure & Cultural Services	Keep my place safe & looking good	Maintenances of proctors barn lane kerbing and passing place	Borrowing	40	0	0	Surface has degraded and on recent inspections have identified it as high risk in two area and medium in the rest this is recorded on PSS with photograph's
Customer Access and Financial Support	Enabling	Public Buildings Capitl Programme	Borrowing			250	To continue the planned building works on the Councils public buildings
Customer Access and Financial Support	Enabling	Asbestos	Borrowing			40	To continue the management and monitoring of asbestos in the Councils public buildings
Leisure and Cultural Services Playing Pitches	Provide good things to see, do and visit	Regrading of Playing Pitches at Terrys Field to support Redditch United Junior Section.	S106	21	0	0	This is designed to support the development of the junior section of the club to help them sustain high numbers of junior teams which significantly contributes to increasing participation for children and young people.

**CAPITAL BIDS - RBC**

Department	Strategic Purpose	Description	Funding Source i.e. Grant, Borrowing, Reserve, S106	CAPITAL IMPLICATIONS			Comments
				2016-17 £'000	2017-18 £'000	2018-19 £'000	
Leisure and Cultural Services Parks and Open Spaces	Provide good things to see, do and visit	Installation of Outdoor Gym equipment in Astwood Bank (Astwood Park)	S106	9	0	0	To provide outdoor gym facilities for the Community to use to improve fitness and well being in Astwood Park
Leisure and Cultural Services Abbey Stadium	Provide good things to see, do and visit	Investment into Health and Fitness Facilities	S106	330	0	0	To expand the dance studio in the Abbey Stadium to ensure memberships are retained and to increase the number of sessions held and the capacity of the provision
Business Transformation - ICT	Enabling	Replace Backup Solution	Revenue ( available)	50	0	0	The Backup Solution needs to be replaced - funding available through revenue to support this scheme
<b>TOTAL BIDS</b>				<b>1,220</b>	<b>200</b>	<b>1,628</b>	