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Date: 19 January 2016

Notice of meeting

Cabinet

Date: Wednesday, 27 January 2016

Time: 7.00 pm

Place: The Goddard room, Council Offices, Knowle Green, Staines-upon-Thames TW18 1XB

The members of the Cabinet	Cabinet member areas of responsibility
Q.R. Edgington (Leader)	Overall Policy direction
J.R. Sexton (Deputy Leader)	Communications, Procurement and ICT
M.M. Attewell (Deputy Leader)	Waste, Environment and Parking
T.J.M. Evans	Finance
V.J. Leighton	Planning and Corporate Development
A.J. Mitchell	Community safety and Licensing
J.M. Pinkerton OBE	Housing, health, wellbeing, Independent Living and Leisure
D. Saliagopoulos	Economic Development and Fixed Assets

PLEASE NOTE THAT THIS MEETING WILL BE HELD IN THE GODDARD ROOM

AGENDA

		Page nos.
1.	**Apologies for absence** To receive any apologies for absence.	
2.	**Minutes** To confirm the minutes of the meeting held on 9 December 2015.	1 - 8
3.	**Disclosures of Interest** To receive any disclosures of interest from Councillors in accordance with the Council's Code of Conduct for members.	
4.	**Treasury Management Strategy Statement and Annual Investment Strategy 2016-17 - Key Decision** Councillor Evans	9 - 22
5.	**Outline Budget for 2016-17 to 2019-20 - Key Decision** Councillor Evans	23 - 36
6.	**Pay Policy Statement 2016-17** Councillor Edgington	37 - 58
7.	**Leader's announcements** To receive any announcements from the Leader.	
8.	**Issues for future meetings** Councillors are requested to identify any issues to be considered at future meetings.	
9.	**Urgent items** To consider any items which the Chairman considers as urgent.	

Minutes of Cabinet

9 December 2015

Present:

Councillor Q.R. Edgington, Leader
Councillor J.R. Sexton, Communications, Procurement and ICT
Councillor M.M. Attewell, Waste, Environment and Parking
Councillor T.J.M. Evans, Finance
Councillor V.J. Leighton, Planning and Corporate Development
Councillor A.J. Mitchell, Community safety and Licensing
Councillor J.M. Pinkerton OBE, Housing, health, wellbeing, Independent Living and Leisure
Councillor D. Saliagopoulos, Economic Development and Fixed Assets

Apologies:

Councillors in attendance:

2216 Minutes

The minutes of the Cabinet meeting held on 14 October 2015 were agreed as a correct record.

2217 Disclosures of Interest

There were none.

2218 Recommendation from the Licensing Committee on the Gambling Act Policy 2016-2019 - Key Decision

Cabinet considered a report on the revised Statement of Gambling Policy 2016-2019.

RESOLVED TO RECOMMEND that Council adopts the revised Statement of Gambling Policy 2016-2019.

Reason for the decision:
Cabinet noted at that Section 349 of the Gambling Act 2005 requires all licensing authorities to prepare and publish a Statement of Policy on the principles they propose to apply in exercising their functions under this legislation.

2219 Treasury Management half-yearly report

Cabinet considered a report on Treasury Management during the first six months of 2015-16.

RESOLVED to note the position of Treasury Management during the first six months of 2015-16.

2220 6-month Capital monitoring and projected outturn

Cabinet considered a report on the actual spend-to-date on capital covering the period April to September 2015.

Cabinet noted:

- That forecasts anticipate spending 85% of the budget (excluding the Knowle Green and housing opportunity projects) even though currently only 22% has been spent.
- The importance of identifying and preparing capital bids in advance of the financial year for which they are to be allocated.

RESOLVED to note the current spend position and approve a supplementary estimate of £70k for the installation of a BMX track at Hengrove Park and £50k for the Agile working project.

2221 6-month Revenue monitoring and projected outturn

Cabinet considered a report on the revenue spend figures from April to September 2015.

RESOLVED to note the current spend position.

2222 Crossrail 2 - response to consultation

Cabinet considered a report on the Council's response to the Crossrail 2 project proposals.

RESOLVED to agree the response to the Crossrail 2 project proposals.

Reason for the decision:
Cabinet noted that, in transport terms, the CR2 concept can be supported in principle, though the proposals are at an early stage.

2223 Surrey's Physical Activity Strategy

Cabinet considered a report on Surrey's Physical Activity Strategy.

RESOLVED to adopt a Physical Activity Strategy for Surrey which will seek to deliver increased activity levels across the population in Surrey by enhanced co-ordinated multi-agency partnership working.

Reason for the decision:
Cabinet noted that adoption of Surrey's Strategy will not only help to improve sports participation but also contribute to the health and well-being of the individual and support our own activities under the Borough's Leisure and Culture Strategy.

2224 Calendar of Meetings 2016-17

Cabinet considered a report on the proposed Calendar of meetings for 2016-17.

RESOLVED TO RECOMMEND that Council approves the Calendar of meetings for 2016-17.

2225 Appointments to Outside Bodies and Working Parties

Cabinet received a report on various changes to representation on some Outside Bodies and Working Parties.

RESOLVED to ratify the Leader's appointments of representatives to Outside Bodies and Working Parties.

2226 Leader's announcements

The Leader presented the following Service updates to the Cabinet.

A report by Chartered Accounts, UHY Hacker Young, shows that Staines-upon-Thames is leading the way in new business creation, with 43 more new businesses per 10,000 population than a year ago (versus a UK average of 14). According to the report's author, the town's strong transport links to London and Heathrow, together with comparatively low office rents, make it an ideal choice for start-ups.

The Council has successfully prosecuted Mr Wei Ming Zheng, the owner of the China Star Restaurant in Staines-upon-Thames for numerous food hygiene offences. Mr Zheng appeared before Redhill Magistrates Court and pleaded guilty to eight charges brought under food safety and hygiene regulations. He was convicted and ordered to pay a fine of £12,000 plus a surcharge of £120 and £696 in costs.

The Council is calling on residents to check the food hygiene ratings of restaurants before booking their Christmas meals. Currently in Spelthorne, 52% of food businesses are rated as ‘very good’ – the top score. 82% are rated as satisfactory, good or very good.

The winter edition of the Council’s Bulletin magazine has been delivered to homes in the Borough. Articles include a tribute to the late Cllr Watts, an update on the sale of the Bridge Street car park, recycling information and Christmas events.

The Elmsleigh surface and multi-storey car parks in Staines-upon-Thames have successfully gained the Park Mark ‘Safer Parking Award.’ An assessment of the car park was carried out by specially trained Police assessors who look for evidence that the car park is clean, well-managed, has appropriate lighting and effective surveillance.

Spelthorne Council, the Surrey Counter Fraud Partnership and social housing providers recently launched a joint publicity campaign aimed at stopping tenancy fraud. As part of the campaign residents are asked to help by reporting any suspicions they may have about fraudulent tenancy activity. Information, which can be given anonymously, can lead to the recovery of properties and provide families, currently in temporary accommodation, with a home.

A new payment system has been introduced at the Elmsleigh surface and multi-storey car parks in Staines-upon-Thames. The old kit has been replaced with a state-of-the-art system which recognises car registration numbers and automatically raises the exit barrier.

Spelthorne and Runnymede Councils, in partnership with Surrey Music Hub, have set up a free choir for carers. The choir is intended to be fun and light-hearted and offer a break from the responsibilities of being a carer. The group meet every Friday from 11am-12noon at Manor Farm Wellbeing Centre in Egham.

Representatives from Spelthorne Council, Thames Valley Housing, Bellway Homes and the Homes and Communities Agency recently gathered to celebrate the opening of Stone Gate Court, a new affordable housing development in Staines-upon-Thames. Built by Bellway Homes at the site of the old Crooked Billet in Staines-upon-Thames, the development contains 29 one, two and three-bedroom flats. The flats will be managed by Thames Valley Housing.

Sian Talbot from Stanwell has been announced as the winner of an Apple iPhone 6s after she entered a prize draw for residents who downloaded the Council’s new mobile app. The free app, which was launched in September, can be downloaded to any smart phone or tablet and allows residents to access a range of frequently used Council services, at a time that suits them.

Streetscene have recently fitted their large refuse vehicles with side guards to protect cyclists in the event of a collision.

Kerbside collections of small electrical items begin in December.

'No food waste please' stickers were placed on bins during November, encouraging residents to use their food waste caddies. Initial results show a 20% increase in the food waste collected.

Since August 2014, 78 homes have signed up for solid wall insulation taking advantage of the £5000 grant from Action Surrey.

Colne Valley Girls and Ladies Football Club have signed a lease to take on self-management of Kenyngton Manor Pavilion in Sunbury-on-Thames. The Council received £80,000 of Football Foundation funding to renovate the pavilion for this project. It is hoped that building work with commence in the next few weeks.

The sporting success of local players, coaches and volunteers was celebrated at the annual Sports Awards at Woodthorpe Road Sports Club on Wednesday 18 November. Mayor of Spelthorne, Cllr Mark Francis, made presentations to this year's winners.

A Christmas Art Trail event will take place on 22 December in Staines-upon-Thames to launch the new art and heritage walk leaflet. There will be morning and afternoon walks led by the Hobgoblin Theatre Company who will highlight the public art whilst entertaining the participants with their Christmas-themed production.

Following a public consultation earlier this year, the Council has announced its intention to lease the tennis courts and adjacent land in Fordbridge Park in Ashford to Community Tennis Limited to provide a community tennis centre. A statutory public notice has been published to this effect.

The Spelthorne Alarm Network (SPAN) recently helped to save the life of an Ashford resident who experienced a house fire. After pressing the alarm, the SPAN call handler was able to alert the emergency services who attended the fire and took the resident to hospital. Thankfully the resident wasn't seriously hurt.

Independent Living have been successful in bidding for a tender with Surrey County Council and are now part of their framework agreement for Opportunities for Older People.

For the first time, the Fordbridge Centre in Ashford and Greeno Centre in Shepperton will be open between Christmas and the New Year on 29, 30, 31 December.

Lettings have been completed for two new affordable rented housing schemes at Dyas Road in Sunbury-on-Thames and Stone Gate Court in Staines-upon-Thames, providing 56 homes for local residents.
The Council is supporting a Keep Britain Tidy campaign aimed at residents who fail to clean up after their dogs because they walk them after dark.

Posters and leaflets are being displayed throughout the Borough and will be supported by a press release and Bulletin article to raise awareness of the campaign.

Buckland Primary School has won this year's Spelthorne Schools Quiz, in a close contest which tested the contestants' knowledge on everything from monarchs to mental maths. Children aged 9 to 10 from 12 of the Borough's primary schools attended the quiz and tackled questions on a variety of topics including some tricky questions about Spelthorne.

2227 Issues for future meetings

There were none.

2228 Urgent items

There were none.

NOTES:-

(1) ***Members of the Overview and Scrutiny Committee are reminded that under Overview and Scrutiny Procedure Rule 16, the "call-in" procedure shall not apply to recommendations the Cabinet makes to the Council. The matters on which recommendations have been made to the Council, if any, are identified with an asterisk [*] in the above Minutes.***

(2) ***Members of the Overview and Scrutiny Committee are entitled to call in decisions taken by the Cabinet for scrutiny before they are implemented, other than any recommendations covered under (1) above.***

(3) ***Within three working days of the date on which a decision of the Cabinet or a Cabinet Member is published, not less than three members [one of whom must be the Chairman] of the Overview and Scrutiny Committee are able to "call in" a decision;***

(4) ***To avoid delay in considering an item "called in", an extraordinary meeting of the Overview and Scrutiny Committee will be convened within seven days of a "call in" being received if an ordinary meeting is not scheduled in that period;***

(5) ***When calling in a Cabinet decision for review the members doing so should in their notice of "call in":-***

- ***Outline their reasons for requiring a review;***
- ***Indicate any further information they consider the Overview and Scrutiny Committee needs to have before it***

in order to conduct a review in addition to the written report made by officers to the Cabinet;

- ***Indicate whether, where the decision was taken collectively by the Cabinet, they wish the Leader or his nominee (who should normally be the Cabinet Member) or where the decision was taken by a Cabinet Member, the member of the Cabinet making the decision, to attend the committee meeting; and***

- ***Indicate whether the officer making the report to the Cabinet or the Cabinet Member taking the decision or his/her representative should attend the meeting.***

(6) The deadline of three working days for "call in" by Members of the Overview and Scrutiny Committee in relation to the above decisions by the Cabinet is the close of business on 14 December 2015.

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Cabinet

27 January 2016

SPELTHORNE BOROUGH COUNCIL

Title	Treasury Management Strategy Statement and Annual investment Strategy 2016-17		
Purpose of the report	To make a recommendation to Council on a Key Decision		
Report Author	Ryan Maslen		
Cabinet Member	Councillor Tim Evans	**Confidential**	No
Corporate Priority	Value for money Council		
Cabinet Values	Accountability		
Recommendations	**The Cabinet is asked to recommend that Council approves the proposed Treasury Management Strategy and Annual Investment Strategy for 2016/17 as set out in this report**		

1. Key issues

Background

1.1 The Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) requires the Council to approve a treasury management strategy before the start of each financial year.

1.2 In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

1.3 This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

1.4 The Council has no long term borrowings but has invested substantial sums of money 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 Council's treasury management strategy.

Economic Background

1.5 Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%.

These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

1.6 The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

1.7 China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The recent Federal Reserve decision to raise interest rates at its December meeting confirms this. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

Credit Outlook

1.8 The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

1.9 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 Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes 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 making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however remain stubbornly low.

Interest rate forecast

1.10 The Council's treasury management advisor Arlingclose forecasts the first 0.25% increase in UK Bank Rate in the 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.

1.11 A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and further US interest rate rises are likely to prompt short-term volatility in gilt yields.

Current Borrowing and Investments

1.12 As at 31st December 2015, the Council had no long term borrowings and £30.6 million invested as follows:

Investment	£m
Pooled Equity and Bond Funds (initial investment)	9.5
Fixed Term Deposits and Variable Rate Bonds	11.0
Notice Accounts and Money Market Funds	10.1
Total Value of Investments at 31st December 2015	**30.6**

1.13 Only a proportion of the £30.6m is available for longer term investment (£20.5m). The balance is cash flow monies which are required for meeting the day to day spending requirements of the Council. All investments are managed in house and the average return on the investment portfolio overall is currently running at around 2.13% for 2015/16.

1.14 A detailed analysis of investments held as at 31st December 2015 is attached as **Appendix A**. The core investment portfolio includes £9.5m invested in pooled equity, property and bond funds and a list of these particular investments and their current performance is detailed in **Appendix B**.

1.15 Borrowing has been restricted to meeting daily cash flow requirements and activity is very limited with short-term borrowing rates around 0.30% - 0.45% and short term investment rates between 0.40% - 0.60%.

1.16 The bulk of cash from Council Tax and Business Rates is currently collected in instalments over the first ten months of the year. The investment portfolio will be reduced during the last quarter of the year to fund expenditure when instalments cease and short term investments totalling £8.7m are expected to be utilised for this purpose. In extreme circumstances, short term borrowing may be used to cover any unexpected daily shortfalls.

2. Options analysis and proposal

Borrowing Strategy

2.1 The Capital Financing Requirement (CFR) measures the underlying need to borrow for capital purposes. The Department for Communities and Local Government (DCLG) guidance on Minimum Revenue Provision (MRP) places a duty on local authorities to make prudent provision for debt redemption. The Council's CFR at 31 March 2016 is estimated to be £nil based on current knowledge, so there is no requirement to charge MRP in 2016/17.

2.2 An element of flexibility to potential borrowing will be necessary throughout 2016/17 to reflect the pressures the Council are facing in a number of key areas. It is anticipated that any significant strategic acquisitions will be funded via borrowing, subject to a full options appraisal being completed.

2.3 The Council's chief objective if borrowing money is necessary will be to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

2.4 Given the significant cuts to public expenditure and in particular to local government funding, the Council'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 to borrow short-term loans instead.

2.5 By doing so, the Council is able to reduce net borrowing costs and reduce overall treasury risk. The benefits of 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. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

2.6 In addition, the Council may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

2.7 The borrowing of monies purely to invest or lend-on to make a return is unlawful and the Council will not engage in such activities.

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

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

2.9 The Council will investigate sources of finance other than the PWLB, such as local authority loans and bank loans that may be available at more favourable rates.

Annual Investment Strategy

2.10 Both the CIPFA Code and the CLG Guidance require the Council 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 Council'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.

2.11 The Council seeks professional advice from Arlingclose and the investment strategy is kept under constant review through regular quarterly review meetings with our treasury advisors. All major investment and borrowing decisions are made in consultation with our advisors.

2.12 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2016/17. All of the Council's surplus cash remains invested in short-term unsecured bank deposits, and money market funds. This diversification will therefore represent a continuation of the new strategy adopted in 2015/16.

2.13 The Council may invest its surplus funds with any of the counterparty types in **Appendix C**, subject to the cash limits (per counterparty) and the time limits shown.

2.14 The credit quality of counterparties is an important aspect of managing risk and 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, otherwise the counterparty credit rating is used.

2.15 Credit ratings are obtained and monitored by the Council'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.

2.16 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 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.

2.17 The Council 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.

2.18 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 Council 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. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus 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.

2.19 The Council closely adheres to the advice set out in the Department for Communities and Local Government (DCLG) guidance which sets out the types of investment that the Council can make. These are classified as "specified investments", which have maturities of less than one year, and "non-specified investments", which have maturities in excess of one year. Details of the types of instruments that can be used for investments and the overall limits under each of these categories are attached as **Appendix D**.

2.20 All investments are managed in-house and the portfolio will continue to be structured to provide a suitable range of different investment options, asset classes and maturities to facilitate better risk management and an element of certainty of returns.

2.21 Keeping the investment strategy under constant review is essential so that the Council can adapt quickly to changing circumstances and the Council continues to be proactive in seeking ways of maintaining and improving current levels of return in a very challenging global investment environment.

2.22 The Council are in the final stages of completing a fixed term loan of £2m to the Network Housing Group. This will generate a return of 3.6% over five years. The Council will continue to work with Arlingclose to identify other such opportunities which will diversify the range of investments held.

Policy on Use of External Service Providers

2.23 The Council uses professional treasury advisors to acquire specialist skills and resources and has regular quarterly meetings with them to discuss the Council's treasury options and all major investment and borrowing decisions are made on their advice. However, the Council recognises that the responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers.

2.24 The Council recognises the value of access to the specialist resources provided by external advisors and will continue to ensure that the terms of their appointment and methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Policy on Investment Training

2.25 The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

2.26 Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

3. Financial implications

3.1 The financial implications are as set out in this report. The ability to maximise interest returns is paramount to generate sufficient funds to support the General Fund and even a small move in interest rates can mean a significant reduction in cash returns. Therefore, it is our aim to continue to maintain flexibility commensurate with the high level of security and liquidity and minimal risk when making investment decisions.

4. Other considerations

4.1 The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow sums at long-term fixed interest rates	Debt interest costs will be higher, although offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain

5. Timetable for implementation

5.1 Treasury management is an ongoing activity and normally there is no specific timetable for implementation.

Background papers: None

Appendices: A – D

Appendix A

Details of Investments Held as at 31st December 2015

Investment Type	Amount £m	Yield %	Start Date	Maturity Date
Pooled Investment Funds (see Appendix B for details)				
Charteris Elite Equity Income	0.8	3.91*	11 May 2012	N/A
Schroders UK Corporate Bond	1.5	6.38*	11 May 2012	N/A
M&G Optimal Income Sterling	1.7	3.00*	13 April 2015	N/A
M&G Global Dividend	1.0	3.98*	27 Jun 2012	N/A
Schroders Income Maximiser	1.0	6.72*	06 Jul 2012	N/A
Schroders Income Maximiser	1.0	6.72*	24 July 2015	N/A
CCLA LAMIT Property Fund	1.5	5.53*	31 Mar 2013	N/A
CCLA LAMIT Property Fund	1.0	5.53*	30 April 2014	N/A
Total Pooled Funds	**9.5**	**5.07**		
Fixed Rate Deposits (short term)				
Landesbank Hessen-Thuringen	2.0	0.69	31 Jul 2015	29 Jan 2016
Santander	2.0	0.73	04 Aug 2015	04 Feb 2016
Nationwide Building Society	2.0	0.66	15 Sept 2015	15 Mar 2016
Cumberland Building Society	2.0	0.59	24 Nov 2015	24 Feb 2016
Close Brothers	2.0	0.65	30 Oct 2015	29 Apr 2016
Variable Rate Bond				
Yorkshire Building Society	1.0	2.20	09 Apr 2014	23 Mar 2016
Total Other Deposits	**11.0**	**0.80**		
Total - Core Investment Portfolio	**20.5**	**2.78**		**Annualised Average**
Cash Flow Investments				
Standard Life Money Market Fund	1.8	0.50		Instant Access
BNP Paribas Money Market Fund	3.0	0.52		Instant Access
Insight Inv. Money Market Fund	3.0	0.50		Instant Access
Santander Notice Account	2.0	1.05		120 Day Notice
Funding Circle	0.3	6.70		Instant Access
Total Cash Flow Investments	**10.1**	**0.80**		
Total Investments at 31.12.15	**30.6**	**2.13**		**Total Annualised Average**

*Estimated Yield is based on the returns on initial investment achieved in 2013/14 and 2014/15. Past performance is no guarantee that similar levels of return will be achieved in the future and the average yield expected across all of these investments is 4.0%.

Appendix B

Pooled Funds as at 31st December 2015

Fund	Date of Purchase	Investment	Dividends Received	Capital Gain	Total Return	Total Return
		£	£	£	£	%
Charteris Elite Income Fund	11/05/12	800,000	16,239	- 63,661	- 47,422	-5.93%
Schroders Corporate Bond Fund	11/05/12	1,500,000	56,776	81,690	138,467	9.23%
M&G Optimal Income Sterling	13/04/15	1,690,636	17,954	- 41,708	- 23,754	-1.41%
M&G Global Dividend Fund	27/06/12	1,000,000	30,637	176,387	207,024	20.70%
Schroders Income Mazimiser Fund	06/07/12	1,000,000	58,097	118,219	176,316	17.63%
Schroders Income Mazimiser Fund	24/07/15	1,000,000	16,801	- 90,959	- 74,158	-7.42%
CCLA LAMIT Property Fund	31/03/13	1,500,000	46,419	426,883	473,302	31.55%
CCLA LAMIT Property Fund	30/04/14	1,000,000	26,504	100,220	126,724	12.67%
Value 31/12/15		**9,490,636**	**269,428**	**707,071**	**976,499**	**10.29%**

Pooled Fund Performance to 31 December 2015

The Capital appreciation of these investments as at 31/12/15 equates to 10.29%. However, capital gains and losses may fluctuate throughout the period the investments are held. Any gains would only be realised when the funds are sold.

Dividends are received at various times during the year and some are paid quarterly and others half yearly. The estimated annualised income yield on these funds is expected to exceed the benchmark return of 4%.

Appendix C

Approved Counterparties

The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

The cash limits shown reflect the capital receipt that the Council may receive during 2016/17. This approach has been agreed in conjunction with our treasury advisors, to enable the Council to have sufficient flexibility within the strategy being set to manage the funds appropriately if they are received. If and when this is realised the Council will manage the funds appropriately, looking to diversify investments as much as possible and keep exposure to approximately 5% per counterparty wherever possible.

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

This table must be read in conjunction with the notes below

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB are restricted to overnight deposits at the Authority's current account bank, Lloyds Bank plc.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments 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.

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. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

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.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s investment objectives will be monitored regularly.

Specified Investments

The DCLG 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 Council 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. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. 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.

Investment Limits

The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million, to mitigate the risk in the case of a single default. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as shown below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries. As detailed in Appendix C, the cash limits shown reflect the capital receipt that the Council may receive during 2016/17 and have been agreed in conjunction with our treasury advisors to provide the Council with an element of flexibility to be able to invest the funds in the most appropriate manner at the time.

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager at point of investment
Negotiable instruments held in a broker's nominee account	£30m per broker
Foreign countries	£5m per country
Registered Providers	£10m in total
Unsecured investments with Building Societies	£20m in total
Loans to unrated corporates	£2m in total
Money Market Funds	£20m in total

Investment of Money Borrowed in Advance of Need

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £12 million. The maximum period between borrowing and expenditure is expected to be [two] years, although the Authority is not required to link particular loans with particular items of expenditure.

Policy on Use of Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

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Cabinet

27 January 2016

Title	Outline Budget 2016-17 to 2019-20		
Purpose of the report	To make a Key Decision		
Report Author	Chief Finance Officer		
Cabinet Member	Councillor Tim Evans	**Confidential**	No
Corporate Priority	Value for money Council		
Cabinet Values	Self-Reliance		
Recommendations	**1.The net budgeted expenditure (before investment and use of reserves) for 2016-17 be set at a maximum level of £14.5m** **2. That the financial health indicators set out in paragraph 3.20 be agreed** **3. That the Council accepts in principle the Government offer of a 4 year funding settlement in order to protect the Council against risk of further increases in payments it is required to make in future years to the Government**		

1. Key issues

1.1 The key financial issue facing the Council is the impact of the ongoing national public sector austerity programme on local government in general and on the Council's specific funding. In the Spending Review on 25th November the Chancellor announced that the Department of Local Government (DCLG) central budget is due to reduce by 29% over the next four years and that DCLG grant funding of local government will reduce by more than 50% of that period. On 17th December the Government announced a provisional funding cut in the Revenue Support Grant (RSG) for Spelthorne of £750k or 54% for 2016-17. We have also been notified that 2016-17 will be the last year Spelthorne will receive RSG. This reduction and elimination of RSG is harder and faster than anticipated.

1.2 The Chancellor had already announced in July that by 2020-21 the Government intends to end provision of general Revenue Support Grant funding of councils with councils to be allowed to retain 100% of business rates. The key issue for us is that the 100% retention does not take effect until 2020-21 but we will not be receiving RSG in the years 2017-18 to 2019-20. Once the new scheme is announced the devil will be in the detail with respect to business rates as we do not yet know what adjustments will be made with respect to other grants, other responsibilities local government will be expected to take on responsibility for. There will continue to be a tariff and top up mechanism redistributing business rates income from high tax base authorities such as ourselves in Surrey to other parts of the country. We are awaiting more details of how 100% business retention will work. 100% retention will further magnify both the upsides of growth in local tax base but also the downsides associated for example when businesses successfully win appeals to reduce their valuations or businesses go into administration. With 100% retention councils will fully bear that risk.

1.3 A key risk coming out of the Spending Review announcements is the proposed review of New Homes Bonus (NHB) Grant. NHB grant by value (£1.9m in 2016-17) is already more important to us than RSG (£0.6m 2016-17) and is set to become more important with significant growth in council tax base projected over the next few years. The review will look at the option of reducing the time NHB is paid from 6 years to 4 years and to link the grant more clearly to council's planning and housing growth performance for example withholding NHB from councils who do not have a Local Plan in place or reducing payments for houses built on appeal.

1.4 The total national NHB pot will reduce by £800m to enable the Government to redirect those funds towards Social Care. Councils have until 10 March 2016 to respond to the NHB consultation paper and the consultation will not impact on the allocations for 2016-17.

1.5 Given the context of reducing central government funding the Council needs to remain very focused on growing local ongoing sources of income such as

(a) Using economic development to encourage growth in the business rates taxbase

(b) Growing the council tax base- anticipated to rise by an average of approximately 1% per annum for next two to three years

(c) Maximising income streams from the Council's assets

(d) Developing income from alternative delivery models

(e) Maximising income from fees and charges

(f) Maximising investment returns from a diversified portfolio

(g) Exploring ability to generate returns from property investments whilst supporting borough economic development and housing objectives

(h) Maximising Council Tax within the bounds permitted.

We need to be particularly focused on moving forward some of these income streams as quickly as possible given that we will cease to receive RSG after 2016-17 and our future NHB payments from 2017-18 are likely to reduce.

2. Options analysis and proposal

2.1 The Outline Budget needs to cover the following areas:

(a) Anticipated declining levels of revenue grant support

(b) Anticipated external pressures such as statutory changes impacting over the outline budget period

(c) How we fund our corporate priorities by generating increased income streams

(d) The level of Council Tax, which the Council wishes to levy

(e) Future assumptions on interest rates and investment types.

(f) The level of services that the Council wishes to provide and the level of revenue expenditure the Council wishes to incur in the provision of those services. This is particularly important in light of the significantly reduced grant the Council will now receive.

(g) The level and range of charges the Council should make for its services.

(h) The use of revenue reserves (if any) the Council wishes to use to support that level of service.

(i) The level of reserves the Council wishes to retain to provide investment income and ensure stability for the future.

(j) The alternative use of reserves to generate future savings.

(k) To review the Council's portfolio of assets to ensure that it is maximising value obtained from use of assets (both in terms of cost of maintaining those assets and income generated from them) and to review opportunities to rationalise the portfolio and generate additional income streams.

(l) The level of capital expenditure which the Council wishes to support and how it will seek to borrow, including being prepared to borrow where there are robust business cases in support.

2.2 Reducing Grant Support

A new methodology for determining authorities' RSG allocations has been proposed within the provisional settlement. Rather than applying the same percentage cut to all authorities, the new approach takes into account individual authorities' council tax raising ability and the type of services provided. This would appear to favour upper tier authorities and unitary authorities, with significantly larger funding reductions for district councils and shire counties particularly Surrey.

2.3 The approach adopted means that authorities with a lower than average council taxbase such as the big cities have a lower reduction in grant (and those with a higher taxbase have a higher reduction in grant).

2.4 Revenue Support Grant (RSG) currently £1.3m for 2015-16, has reduced year on year from 2013-14 when it was £2.5m, We were advised, on 17th December, of the provisional figures for 2016-17 with further reduction of £750k taking the grant down to £0.580m. The Chancellor had previously indicated that by 2019-20 the Government will cease to pay Revenue Support Grant to local authorities which it coincide with "100% retention" of business rates being implemented. However we have been notified that we will cease to receive RSG after 2016-17. Therefore our reduction has been harder and faster than we or others had been forecasting leaving us with a significant deficit to make up.

2.5 All the Surrey districts and boroughs have received RSG reductions for 2016-17 in the range of 44% to 70% and eight of the 11 Surrey districts will cease to receive RSG from 2017-18. Nationally 15 districts will cease to receive RSG from 2017-18 so Surrey and the Surrey districts have been particularly hard hit which is a result of the methodology adopted with respect to council taxbase. The methodology aims to take into account the amount that an authority can raise locally/the impact on overall funding of RSG reductions. The affected 15 Councils have responded collectively to the DCLG on the RSG reductions, as have the Surrey Treasurers.

Four Year Settlements

2.6 Government has stated that it will offer any council that wishes to take it up a four year funding settlement to 2019/20. This in theory provides the benefit of certainty of knowing future funding – although we now know that for future years we will receive nil RSG. The offer in effect only applies to RSG and excludes NHB or retained business rates.

2.7 Councils will need to request this and have an efficiency plan in place, thought the government does not state what such a plan should look like. The DCLG has indicated that it will clarify by the time of the final settlement on 11th February the nature of the plan required but it is likely to be a light touch requirement.

2.8 It is important to note that the Government has qualified the offering by stating that final grant determinations (of the funding figures produced) in future years will still be subject to change as the business rates multiplier changes; for future changes such as transfer of functions, mergers etc. The government also says future years could change owing to unforeseen events but does not indicate if this includes unforeseen economic events such as failing to meet its fiscal targets for a budget surplus;

2.9 The government has not indicated what the formal process for this request is; who from an authority should request the future years' settlement; what the timetable for the request is; what approval process is required in a council; whether a request can be rescinded if there is political change at a local authority.

2.10 It is recommended that in order to protect the Council against further increases in amounts it is required to pay over to the Government that it accepts the Government offer of a 4 year funding settlement.

New Homes Bonus Grant

2.11 New Homes Bonus (NHB) grant is paid by the Government to encourage greater numbers of dwellings in areas. The grant match funds the income generated from the additional council tax income from additional dwellings (either new or long term empty brought back into use) with currently an 80:20 split between districts and counties, and is paid for six years. With the grant accumulating over a six year period the amounts of grant have begun to become significant, in 2015-16 we are receiving £1.6m NHB grant which is more than we receive for Revenue Support Grant. With a reasonably significant increase in dwellings and council tax base projected over the next two to three years NHB, if left unaltered, would become even more important as a funding source for us.

2.12 In the Spending Review announcements on 25th November the Chancellor signalled an intention to undertake a review of NHB arrangement potentially looking at altering the districts: counties to split to give a higher proportion of the grant to counties to assist with their social care pressures and to reduce the number of years funding from six years to four years. With the provisional grant announcements details of a provisional consultation on these proposals have been confirmed. The Council will be responding to the consultation.

Retained Business Rates

2.13 April 2013 saw the commencement of the new retention of business rates regime under which we retain a small proportion of business rates after paying 50% over to the Treasury, 10% over to Surrey County Council, a £14m tariff and then a 50% levy on additional growth. After adjustments our net share of any underlying growth in business rates is 20%. However, we also bear 40% of the risk of any businesses being unable to pay their business rates. The other risk we are exposed to relates to businesses successfully appealing to Valuation Tribunals to have their valuations as set by the Valuation Office Agency reduced.

2.14 As mentioned in paragraph 2.7 we would normally pay a 50% levy on any additional business rates growth achieved relative to our baseline (for example we are currently waiting for Costco, and 20 Kingston Road to be added back to the Rating List). However, in 2015-16 Spelthorne along with three other Surrey districts and boroughs (Elmbridge, Mole Valley and Woking) plus the County Council formed a business rates "pool" which by combining tariff boroughs with a top up county council means we will not be liable to pay a levy on any additional business rates growth we achieve in 2015-16. We are anticipating remaining being in this pool in 2016-17. We are liaising with advisers following the provisional grant settlements to review our retained business rates projections for 2016-17.It is quite possible that the business rates pool will no longer exist after 2017-18.

Adjustments to Business Rates Tariff and Top Up amounts

2.15 For certain authorities (typically those with a large taxbase relative to SFA, ie all of the Surrey districts) Revenue Support Grant reaches £0 in 2017/18, 2018/19 or 2019/20.

2.16 In these instances, government have either reduced top up amounts or increased tariff amounts so that the Revenue Support Grant Reductions for each authority truly reflect their latest approach (i.e. taking into account both council tax raising ability and SFA amounts). This enables the Treasury to still extract savings from councils even when they no longer are paying them grants. In a sense we will have a negative grant.

2.17 It would appear the business rates retention scheme is unaltered by this change to the tariff amount as the safety net threshold remains at 92.5% of baseline need. Therefore, the only impact of this is a transfer of money to DCLG from the authority. In effect negative Revenue Support Grant. This adjustment is worth £153m to DCLG by 2019/20. Of this £153m Surrey and Surrey councils will be contributing £27m.

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
Tariff/Top-Up adjustment	0.00	-2.27	-22.82	-152.88

At this stage the payment to DCLG is being used with its new RSG reallocation methodology (i.e.. given to other authorities to keep authorities at the same tier at the same spending power). However, this could be the first instance (potentially) of how DCLG intends to recover resources from local authorities under 100% business rates retention (to fund scheme such as New Homes Bonus or any safety net created under the new scheme).

2.18 For Spelthorne the figures are as follows:

Spelthorne Tariff Adjustments or "negative" RSG

	17-18 £m	18-19 £m	19-20 £m
Tariff Adjustment	0.10	0.36	0.75

This means by 2019-20 Spelthorne will be paying negative RSG of £750k per annum to the Treasury.

2.19 **Aggregate impact of RSG, NHB and retained Business Rates**

2.20 The projected combined funding from these sources for the next four years is set out in the table below.

	15-16 £	16-17 £	17-18 £	18-19 £	19-20 £
Business Rates	3,055,700	2,755,700	2,778,000	2,898,000	3,024,000
RSG	1,330,600	580,000	-100,000	-360,000	-750,000
NNB	1,565,400	1,895,600	1,895,600	1,200,000	1,200,000
Total funding	5,951,700	5,231,300	4,573,600	3,738,000	3,474,000

Note the NHB figures are indicative figures provided by the Government which are likely to change as a result of the NHB consultation.

2.21 **Pensions**

2.22 There are two elements to the Council’s contributions towards the Surrey Local Government Pension Fund a) ongoing current service accrual rate – towards the additional pension liabilities being accrued as staff serve a further year. This is currently 15.8% of pensionable pay. b) a historic deficit contribution toward the deficit relating to the funding of pension liabilities arising from past service of current staff, pensioners and individuals who have deferred pensions. The contributions are calculated with the aim of repaying the deficit over a 20 year period. The actuary’s initial advice is to that our contribution will need to rise as follows:

Currently £837,000 in 2015/16

- £1,016,000 in 2016/17

2.23 This significant increase has been reflected in the outline budget projections. We have not projected further rises beyond 2017-18 yet as the next triennial valuation will be undertaken as at 31 March 2016 which will impact on employer contributions for the three financial years from 2017-18.

2.24 Additionally 2016-17 will see the introduction of a single tier state pension system, with the end of employers such as local government "contracting out" of the higher contributions. This will mean Spelthorne's employer contributions will increase by 3.4% on an ongoing basis. This cost is estimated at approximately £170k per annum from 2016-17 and is reflected in the Outline Budget projections. Employees will also set an average increase in their deductions of approximately 1.4%

2.25 It can be seen that this is a particularly significant adverse pensions impact in 2016-17 resulting from an increase of £180k in employer superannuation contributions and impact of ending of contracting out adding a further £170k giving a combined effect of additional £350k expenditure in 2016-17.

Pay increase

2.26 Previous projections had assumed an annual increase of 1% for staff and councillors 2014-15 and 2015-16 then 1.5% per annum thereafter. Spelthorne applies the nationally negotiated annual pay award. Currently we are awaiting agreement of a national pay deal for 2016-17. The feedback we have received from the national employers is that a two year deal for 2016-17 and 2017-18 has been offered which equates to an average increase of 2.4% over the two years with an increase of 1% for posts above scp 18 and higher percentages for posts between scp 6 and 17 to address the issue of the implementation of the new National Living Wage (of the 2.4% some 0.4% relates to the National Living Wage effect). We have calculated that if the offer is accepted by the unions this would add £132k to our costs (including on-costs) in 2016-17 as this is included in the budget.

Universal Credit / Housing Benefit/Welfare reform

2.27 The Department of Work and Pensions has indicated that in 2016 the Universal Credit (UC) scheme to replace Housing Benefit will be rolled out across all local authorities. Our modelling currently assumes this will be completed by 2018-19.The disappearance of Housing Benefits will have a net adverse financial impact on the Council as currently we are very efficient at recovering overpayments for which under the current system we are able to retain 40% which contributes £500k income per annum to the Council's budget. Our outline budget projections currently assume that Universal credit be phased in over four year period we will lose gradually the £500k per annum overpayment income. Therefore by 2018-19 Spelthorne will be £500k per annum worse off.

2.28 Whilst we are waiting for clarification as to what residual role local authorities will retain for assisting with those claimants unable to interact over the internet, clearly the majority of the staff currently involved with housing benefit administration will by 2017-18 no longer be required. We have been advised that the DWP initially felt there would be no cost to local authorities from losing housing benefit staff should those staff not transfer to DWP, as they would be dealt with through natural attrition rather than having to make exit payments. After lobbying by the LGA, DWP has conceded there would be an impact. Following on from further discussions with the LGA the DWP indicates that it has now set aside a reasonable budget within the UC business case to support councils with exit costs for housing benefit staff. We will await further details on this. In order to provide some additional support DWP has also agreed to keep the UC element of the housing benefit admin grant in place for 16/17. However, after this period we anticipate that the housing benefit admin grant will start to be impacted upon to reflect the integration of housing benefit into the online UC offer.

2.29 Like most councils we are facing increasing pressure on our budget with respect to our discretionary housing payments and bed and breakfast budgets. We anticipate that these pressures may increase with the reduction in the benefits cap from £23k per annum to £20k. Our homelessness budget is part of the budget which is facing increasing growth pressures. As councillors will be aware the Council is looking at a number of measures to try both to maximise prevention of homelessness and to provide more cost effective temporary accommodation alternatives to Bed and Breakfast.

Council Tax Support

2.30 From 1st April 2013 the Treasury reduced funding of council tax benefits by 10% (although pensioners are protected so the impact falls disproportionately on working age claimants). At the same time councils have been asked to design their local schemes. The Council implemented a scheme for 2013-14 and then revised it for 2014-15. This was intended to then provide a period of stability so there is no proposal to revise the Spelthorne Local Council Tax Support Scheme further.

2.31 The Council Tax Support scheme seems to have settled down and officers are not proposing further changes to the scheme for 2016-17.

3 Options analysis and proposal

3.1 OUTLINE BUDGET 2015/2016 – 2018/2019

3.1 Attached as Appendix A is a summary of projected expenditure and possible financing to 31 March 2020. It will be seen that the amount needed to be funded from Council Tax is £7.1m, taking into account use of reserves and investment income service expenditure would total some £14.4m in 2016/17 if the budget gap (currently £200k were not closed rising to £4.5 m over the Outline period if mitigating actions were not put in place.

3.2 Council Tax rate increases for 2016-17 and future years are assumed to be 1.94% per annum. However, it remains possible that the council tax referendum limit will be amended by Government.

3.3 In response to the reducing funding levels, Cabinet and Management Team have recognised that a fundamental transformation programme “Towards a Sustainable Future” (TaSF) needs to be put in place to aim at making the Council a self-funding council by the end of the outline budget period.

3.4 The TaSF programme includes three strands

a) Maximising income streams from investments and the Council's assets, This will link with the Council's refresh Housing Strategy which is aiming to use Council assets to generate additional housing supply (easing the pressure on the housing and homelessness budget) and generate income streams for the Council

b) Relocation of the Council's offices to smaller more flexible and efficient location(s) and application of agile working to save money and to enable development of housing on Knowle Green site to generate an income stream

c) Structural review including; service redesign and different delivery models to reduce expenditure. Several services have come forward with proposals to "spin out" as either Local Authority Trading Companies or Public Service mutual. The Council may consider setting up an overarching trading company arm which may be more cost efficient.

3.5 Programme management streams have been put in place to manage the delivery of the strands set out above in 3.4

3.6 Currently the Council's treasury management investments are performing well with the core investments achieving an average of 5% in 2014-15 and currently are anticipated to exceed budget performance in 2015-16 by approximately £13k. It is anticipated this level of performance can be maintained and has been built into the Outline Budget projections. The investment income projection for 2016-17 has also been increased to take into account the ability to reinvest the anticipated receipt of £20m from the Bridge Street car park development in May 2016.

3.7 The Council has procured property advisers to advise on finding alternative office accommodation. Several properties have been evaluated. All services have provided estimates of how much they believe they could reduce their use of office space by (currently over 600 sq metres has been identified). This will help the Council in its objective to reduce its accommodation costs by moving into smaller more flexible accommodation.

3.8 As mentioned above the Council is looking at acquiring properties either directly or through appropriate delivery vehicles to enable it to provide temporary accommodation as an alternative to Bed and Breakfast accommodation which is expensive and has other issues.

3.9 With respect to structure, there will be some senior officer departures which will deliver ongoing annual savings from 2016-17 This in turn will enable the staffing restructure to be revised with a greater focus on aligning services with synergies and aligning resources with the corporate priorities. This re-alignment process is anticipated to deliver ongoing savings.

3.10 In parallel Cabinet and Management team asked all services to look at delivery models to identify how by the end of the outline budget period they could deliver savings of approximately 30%. Service managers responded very positively and have generated a significant list of savings/additional income which when combined with the strands above gives Cabinet and Management Team confidence that the budget gaps in each of the outline budget period can be closed.

3.11 As mentioned in 3.4c) a few services are proposing spins outs, whilst the other services are putting forward significant service redesign proposals.

The Level of Revenue Reserves to use in Support of the Council Tax

3.12 Reserves are financial balances set aside within the Council's balance sheet to enable future financing of revenue or capital expenditure. These can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves. The key general reserve is the General Fund.
- Funds to meet known or predicted liabilities and future spending are often referred to as earmarked or specific reserves.

The cash balances held in our reserves are invested to earn interest income which helps support the overall revenue budget and the provision of services.

3.13 The Council currently uses specific revenue reserves to finance expenditure in two main ways:

a) Interest equalisation – is built up in years when investment returns are better than expected and used to support investment income in years when returns are lower.

b) New Schemes Fund – the fund is now exhausted and It is not proposed to continue to provide a stream of funding toward specific revenue costs but instead we intend to put monies back into the fund to offset future years expenditure from those areas.

c) The key focus is generating additional revenue income streams. It is recognised that whilst the projects to deliver a number of such streams are well under way they will take time to reach the point of delivering income. There is therefore the case that on the basis there is a clear strategy and plan for delivering income streams that in the interim, in order to avoid making short term cuts which ultimately in the longer term may not have been necessary that some use of reserves to help close the revenue gap would be sensible.

d) The Housing Initiatives Reserve with a balance of £7.6m has been identified as being a source of funding for supporting Housing Strategy initiatives.

3.14 Given that there may be timing differences between additional asset income streams and the need to invest to make schemes happen there may be a need for the Council to incur some borrowing. Given the relatively low rates the Council can obtain from the likes of the Public Works Loan Board (PWLB); Homes and Community Agency, the new Municipal Bonds Agency or the European Investment Bank it will potentially be more cost effective to borrow rather than draw down medium term investment funds. The Council's treasury management advisers Arlingclose are assisting in developing a borrowing strategy for the Council. It should be noted however we cannot borrow to cover deficits in the Revenue Budget

3.15 At 1 April 2015 Revenue Reserves were £11.8m, as follows:

	2015 £'000
General Fund Revenue Account*****	1,966
Capital Fund*****	443
Carry Forward Reserve	239
Housing Initiatives Fund	6,611
Bronzefield Maintenance Fund	281
New Schemes Fund (NSF)	1,221
Interest Equalisation	493
Insurance Reserve	50
Planning Delivery Reserve	50
Youth Council Reserve	20
Bridge Street Car Park Reserve	69
Business rates equalisation Reserve	389
	11,832

Revenue / Projected Reserves – 1 April
* indicates an uncommitted reserve available to support Council Tax.

The capital element of the NSF is now exhausted but there is still the revenue element of £1.2m in the table above.

The Level of Capital Expenditure to be supported

3.16 Each year the Council approves a four-year capital programme, which is split between Housing and "Other Services."

The 'other services' programme consists mainly of capital expenditure on Leisure, assets, replacement vehicles and information technology.

The 'other services' capital programme is financed from our capital receipts, i.e. money received in past years from the sale of assets such as the sale of the housing stock under the Local Stock Voluntary Transfer (LSVT) reserved right to buy receipts (RTB) and other 'one off' sales.

Reserved right to buy receipts from A2Dominion have fallen significantly from £600k in 2005-06 to approximately £150k in 2014/15. Taking account of the impact of Stanwell Newstart and the general housing market, it is assumed that the ongoing level of RTB receipts will be £150k per annum.

In addition to our "mainstream" capital programmes we also set aside in 1996 part of the proceeds from the sale of our housing stock to spend on worthwhile projects within the Borough, (the New Schemes Fund (NSF).

Approximately £15m was set aside initially and this has been supplemented by interest earnings on the balance of the fund since 1996. This fund is now fully exhausted.

Level of Capital Reserves

3.17 Projected capital reserves at 1 April 2015 were as follows:

	2015
Usable Capital Receipts	£1,181k

3.18 The Capital Programme will continue to be financed in the short term by the Right To Buy (RTB) receipts, the capital reserves and the Social Housing Fund. By the end of the year 2016-17 (not taking into account the potential Bridge Street receipt), there are anticipated to be £20m capital reserves remaining.

3.19 The Prudential Code, which came into effect on 1st April 2004, gave us the scope to borrow to fund capital investment. The Council has so far taken the view to date that it will use capital receipts to finance the capital programme, although there may be examples where we might borrow. Prudential borrowing may be appropriate where the capital investment will generate additional income which more than offsets the interest payments incurred, for example some authorities have undertaken prudential borrowing to fund expanded car parking facilities which will generate additional income which would more than offset borrowing costs. If the Council were to look at re-configuring its office accommodation or leisure centre it may need to borrow to facilitate such schemes.

Financial Health Indicators

3.20 Spelthorne has Spelthorne has monitoring agreed indicators useful for monitoring purposes monitoring agreed indicators useful for monitoring purposes. Indicators should cover revenue, capital expenditure and also aspects of the balance sheet .It is therefore recommended that targets be set for capital and revenue outturn, and for debtors and creditors. Linked with the issue of maintaining sufficient reserves to generate a reasonable interest income it is suggested that a target minimum level of reserves is set. The current set of indicators is set out below:

a) Revenue outturn against original budget target: +/- 1.5%.

b) Capital outturn against original budget target: +/- 20%.

c) Council Tax collection target: 98.4%.

d) Business rates collection target: 98.0%.

e) Sundry debts aged more than 90 days overdue no more than 10% of total debts.

f) Payment of creditors within 30 days target: 96.5%

3.21 Clearly we need to take account of the challenging economic climate on the achievability of the above indicators particularly the collection rate (which through business rates and council tax support will feed through directly into the Council's financial position and debt indicators and we will keep these indicators under regular review. Maximising collection of business rates will be particularly important in 2016-17 when we are a member of the Surrey Business Rates Pool and do not have to pay a levy on additional business rates income generated.

In addition to the above there are the existing Prudential and Treasury Management indicators.

4 Financial implications

As in the body of the report.

5 Other considerations

The Council is legally required to set a balanced budget.

6 Timetable for implementation

Late January/early February Government confirms funding settlement including clarify SBC's empty homes allocation for new homes bonus and amount of business rates income we will be allowed to retain

24 February 2016– Detailed budget considered by Cabinet for recommendation to Council

25 February 2016 Council approves Budget and sets council tax

Background papers:
Appendices:

Appendix A

	15/16		16-17	17-18	18-19	19-20
	original					
	£		£	£	£	£
Gross Expenditure	55,811,700					
Less: Fees and Charges and Specific Grants (excl Housing Benefits)	9,684,100					
Less: Housing Benefits Grant	31,376,700					
Net Service Expenditure:	**14,750,900**					
Broken down over Portfolios						
Communications and Procurement	215,500		823,300	215,500	215,500	215,500
Community Safety , Young People,Leisure and Culture	123,000		214,600	111,400	95,600	95,600
Finance	3,491,000		107,700	3,488,300	3,488,300	3,488,300
Environment	4,531,900		1,855,800	4,611,400	4,648,400	4,685,400
Housing,Health,Wellbeing and Independent Living	2,736,100		3,736,800	3,050,300	3,460,300	3,516,300
Planning and Corporate Governance	1,663,500		3,739,500	1,695,900	1,794,900	1,626,900
Economic Development and Fixed Assets	1,799,600		2,553,500	1,772,600	1,917,100	2,097,100
Parking Services and ICT	(193,000)		1,195,800	(74,300)	(75,300)	(76,300)
Leader's Portfolio of services	383,300		727,500	348,732	348,398	347,002
	14,750,900		**14,954,500**	**15,219,832**	**15,893,198**	**15,995,802**
Salary expenditure - vacancy monitoring	(300,000)		(300,000)	(300,000)	(300,000)	(300,000)
Pay award			132,000	257,000	382,000	507,000
Full year effect of departures in 15-16				0	0	0
Pensions				0	0	0
Unidentified annual growth			399,400	799,400	1,199,400	1,599,400
Partnership Savings	(40,000)		0	(80,000)	(120,000)	(160,000)
Fees and charges			(75,000)	(150,000)	(225,000)	(300,000)
Efficiencies to offset pay award	(100,000)		(132,000)	(257,000)	(382,000)	(507,000)
Revised Service Expenditure	**14,310,900**		**14,978,900**	**15,489,232**	**16,447,598**	**16,835,202**
NET EXPENDITURE	**14,310,900**		**14,978,900**	**15,489,232**	**16,447,598**	**16,835,202**
Interest earnings	635,000		1,300,000	1,400,000	1,400,000	1,400,000
NET EXPENDITURE AFTER INTEREST EARNINGS	**13,675,900**		**13,678,900**	**14,089,232**	**15,047,598**	**15,435,202**
Appropriation from Reserves:						
Spend to Save (Fordbridge Bowls club)	0		0	0	0	0
Staines-upon-Thames Town Development/TaSF	531,276		400,000	400,000	200,000	0
Elmsleigh Car Park	0		0	0	0	0
Customer Services	0		0	0	0	0
Enforcement Project	0		0	0	0	0
Interest Equalisation reserve	0		0	0	0	0
BUDGET REQUIREMENT	**13,144,624**		**13,278,900**	**13,689,232**	**14,847,598**	**15,435,202**
Retained Business Rates	3,055,700		2,755,700	2,778,000	2,898,000	3,024,000
Revenue Support Grant(incl council tax support grant)	1,330,600		580,000	-10,000	-360,000	-750,000
New Homes Bonus	1,564,400		1,895,600	1,895,600	1,200,000	1,200,000
NHB set aside for Housing initiatives			0	(154,000)	(300,000)	(300,000)
NET BUDGET REQUIREMENT	**7,193,924**		**8,047,600**	**9,179,632**	**11,409,598**	**12,261,202**
Collection Fund (Surplus)/Deficit	(266,400)		(145,900)	0	0	0
CHARGE TO COLLECTION FUND	**6,927,524**		**7,901,700**	**9,179,632**	**11,409,598**	**12,261,202**
Tax base	37,971		38,308	38,691	39,078	39,469
Council Tax rate	182.44		185.98	189.59	193.27	197.01
Council Tax yield	**6,927,524**		**7,124,571**	**7,335,415**	**7,552,500**	**7,776,008**
		Deficit	**777,129**	**1,844,217**	**3,857,098**	**4,485,194**
		Year on year movement	777,129	1,067,087	2,012,882	628,095

Cabinet

27 January 2016

Title	Pay Policy Statement for 2016/17
Purpose of the report	To make a recommendation to Council
Report Author	Debbie O'Sullivan, Human Resources Manager
Cabinet Member	Councillor Quentin Edgington — **Confidential**: No
Corporate Priority	This item is not in the current list of Corporate priorities but still requires a Cabinet decision
Cabinet Values	Accountability
Recommendations	**The Cabinet is asked to recommend to the Council that the Pay Policy Statement for 2016/17 is approved.**

1. Key issues

1.1 Local authorities are required to publish an annual pay policy statement to increase transparency regarding the use of public funds to pay council staff. This requirement was set out in the Localism Act 2011 with guidance on items to be included issued by the Secretary of State for Communities and Local Government.

1.2 Pay Policy Statements must be agreed by full Council and be published by 31 March each year to apply to pay decisions during the next financial year.

1.3 The Pay Policy Statement must set out the Council's policies on a range of issues relating to the pay of its workforce, particularly its senior staff and the lowest paid employees. The statement must set out the policies for the financial year relating to:

- Remuneration of its Chief Officers
- Remuneration of its lowest paid employees
- The relationship between the remuneration of its Chief Officers and the remuneration of those employees who are not Chief Officers
- The publication of and access to information relating to remuneration of Chief Officers.

1.4 The term 'Chief Officer' in this context is as set out in the Local Government and Housing Act 1989 ('the Act') and includes

- The Head of Paid Service (the Chief Executive)
- The Monitoring Officer

- Statutory and non-statutory Chief Officers under section 2 of the Act
- A deputy Chief Officer mentioned in section 2 of the Act

This is a wider definition than is usually understood by the term: in other contexts the term Chief Officer at Spelthorne is used to mean posts on Management Team (Chief Executive and Deputy Chief Executives only).

1.5 It is up to the Council to determine who its lowest paid employees are but they must give reasons as to why they have defined them as such. At Spelthorne the lowest paid employees are those in jobs paid at the lowest grade.

1.6 The term 'remuneration' is defined as follows:

- The Chief Officer's salary
- Any bonuses payable
- Any charges, fees or allowances payable by the Council to the Chief Officer
- Any benefits in kind to which the Chief Officer is entitled as a result of their office or employment
- Any increase in or enhancement of the Chief Officer's pension entitlement where the increase or enhancement is as a result of the resolution of the Council
- Any amounts payable by the Council to the Chief Officer on the Chief Officer ceasing to hold office under or be employed by the Council other than amounts that may be payable by virtue of any enactment.

1.7 The statement must be approved by a resolution of Council before it comes into force. It can be amended by resolution after the financial year is underway but, if it is amended, it must be published on the Council's website.

1.8 The Pay Policy Statement reflects Spelthorne's interim structure from April 2015. As we move towards a sustainable future there may be further changes to the organisational structure affecting reporting lines, posts and salaries which come within the definition of Chief Officer. If any changes to the pay policy are required during the year further report/s would be made within the financial year to apply for the remainder of the financial year.

1.9 There has been no further guidance from the Secretary of State this financial year.

2. Options analysis and proposal

2.1 The draft Pay Policy Statement for 2016/17 is in the **Appendix 1.** It is proposed that the Council resolves to approve the Pay Policy Statement for 2016/17.

2.2 No options as the Pay Policy Statement for 2016/17 must be published by 31 March 2016.

3. Financial implications

3.1 No direct financial implications. All pay decisions in the year must be in accordance with the published pay policy statement.

4. Other considerations

4.1 Spelthorne is required to approve and publish a pay policy statement annually. The Council is an individual employer in its own right and has autonomy on pay elements that are appropriate to local circumstances. The provisions in the Localism Act and the guidance do not seek to change this or to determine what decisions on pay should be taken or what policies individual employing authorities should have in place. Rather, the provisions require that authorities are more open about their own local policies and how their local decisions are made.

4.2 Arrangements for pay and employment must comply with relevant UK employment legislation, the Council's agreed Standing Orders, policies, procedures and arrangements, staff terms and conditions of employment and the regulations of the Local Government Pension Scheme. Arrangements for compensation for loss of office must comply with the Council's Discretionary Payments Policy.

4.3 The matters contained in the Pay Policy Statement include arrangements which are part of the contractual terms and conditions of employment, which cannot be changed without prior consultation.

4.4 Since February 2015 there is also a requirement to publish other information on senior salaries/posts following the government's publication of the Local Government Transparency Code 2014. This information is published on the council's website alongside the Pay Policy Statement and is updated annually.

5. Timetable for implementation

5.1 The Pay Policy Statement for the 2016/17 financial year must be agreed by Council by 31 March 2016 and be published on the website. All pay decisions in the year will be in accordance with the published pay policy statement and any agreed amendments.

Background papers: There are none.

Appendices:
Appendix 1 Pay Policy Statement 2016-17
Appendix 2 Discretionary Compensation Policy
Appendix 3 Pensions Policy

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Spelthorne Borough Council

Pay Policy Statement 2016-17

1 Purpose

This Pay Policy Statement is the annual statement as required by the Localism Act 2011, Section 38(1), and applies for the financial year 2016-17. The purpose is to provide transparency about how Spelthorne uses public funds to pay staff.

The statement sets out Spelthorne Borough Council's policies relating to the remuneration of chief officers, the remuneration of its lowest paid employees, and the relationship between the remuneration of Spelthorne Chief Officers and other employees.

2 Definitions

For the purposes of this pay policy statement the following definitions will apply:

2.1 Chief Officers

The following Spelthorne Borough Council posts are included in the definition of chief officers:

a) The head of paid service designated under section 4(1) of the Local Government and Housing Act 1989.

This is the Chief Executive

b) The monitoring officer designated under section 5(1) of that Act.

This is the Head of Corporate Governance (this post is shared with Reigate & Banstead Borough Council)

c) A statutory chief officer mentioned in section 2(6) of that Act.

This is the Deputy Chief Executive who acts as the chief finance officer.

d) Non statutory chief officers mentioned in section 2(7) of that Act.

This is the other Deputy Chief Executive post.

e) Deputy chief officers mentioned in section 2(8) of that Act. These are posts reporting directly to the posts above, except where the duties are clerical, secretarial or support.

Reporting to the Chief Executive

Communications Manager (this is a part time post)

Reporting to the Head of Corporate Governance (monitoring officer)

Principal Solicitor (deputy monitoring officer) (this is a part time post)
Principal Committee Manager
Electoral Services Manager

Reporting to the Deputy Chief Executive (chief finance officer)

Internal Audit Manager
Head of Asset Management (this is a part time post)
Head of Customer Services and Project Management Co-ordinator
Human Resources Manager
Head of ICT (this post is shared with Runnymede Borough Council)
Principal Accountant
Economic Development Manager
Community Development Manager
Head of Housing and Independent Living
Family Support Programme Team Manager (this post is shared with Elmbridge Borough Council and Epsom & Ewell Borough Council)

Reporting to the other Deputy Chief Executive post

Head of Streetscene
Head of Sustainability and Leisure
Head of Planning and Housing Strategy
Senior Environmental Health Manager
Building Control Manager
Community Safety Manager

Any restructures during the year or secondments to cover short-term requirements may alter reporting relationships which could change the roles reporting to specific Chief Officer posts.

The definition of chief officers and deputy chief officers for the purposes of this Pay Policy Statement is wider than the definition normally used at Spelthorne. The 3 Management Team posts of Chief Executive and Deputy Chief Executives are generally referred to as ‘chief officers’ with the Head of Service posts as their deputies for their area of responsibility. A number of posts are part time or shared with other councils, as noted above.

2.2 Management Team

Spelthorne Borough Council’s Management Team is the Chief Executive and 2 Deputy Chief Executive posts.

2.3 Pay

In addition to salary remuneration includes fees, allowances, benefits in kind and termination payments.

2.4 Lowest paid employees

Refers to those staff employed within grade Scale 1 of the Council’s pay framework, which is the lowest grade on the Council’s pay framework. Currently there are 76 posts, 19.2% of the Council’s establishment, at this level.

2.5 Employees who are not a chief officer

Refers to all staff who are not covered under the 'Chief Officer' group above, including the lowest paid employees.

3 <u>Pay framework – general principles applying to all staff</u>

3.1 General approach

Remuneration at all levels needs to be adequate to recruit, retain and develop a skilled and flexible workforce to deliver services to the community and fulfil the Council's business objectives. Remuneration must be fair and reasonable in the circumstances and not unnecessarily excessive. Each Council has responsibility for balancing these factors in the light of the unique challenges locally and retaining flexibility to deal with circumstances that might arise. Pay arrangements must comply with UK legislation. Salary payments for individual postholders are pro-rated where they are employed for less than full time. Salary payments are pensionable payments, except where specified in the Pension Regulations.

Terms and conditions of employment are in accordance with national conditions of service as amended by Spelthorne. The national terms and conditions of service that apply are:

- The Joint National Committee (JNC) for Chief Executives – for the Chief Executive
- The Joint National Committee (JNC) for Chief Officers – for the Deputy Chief Executives and heads of service
- The National Joint Council for Local Government Services for other posts.

3.2 Responsibility for decisions on remuneration

Decisions on pay are made in line with Spelthorne Borough Council's scheme of delegations and in accordance with employment policies, procedures and arrangements in place and staff terms and conditions of employment.

Approval for any change to the Chief Executive's salary is by the Leader of the Council if within the salary scale and existing policies or otherwise by the Cabinet/Council. Approval for any changes to the salary range for Management Team posts below Chief Executive is by the Head of Paid Service (Chief Executive) in consultation with the Leader. Approval for changes for posts below management team are the responsibility of the Head of Paid Service and Management Team within the budget, council policy framework and delegations.

Pay Awards agreed by the National Joint Council for Local Government Services are implemented as they are agreed and percentage increase pay awards are applied to all staff.

3.3 Salary grades and grading framework

Grades are determined by taking account of the full scope of the job including the complexity of work, range of responsibilities and the skills and experience required to undertake them, having regard to the need for equal pay for work of equal value. Each grade consists of a number of points from the Spelthorne pay spine, from the bottom to the top of the grade. The top of grade is considered to be the rate of pay for a fully experienced, qualified and competent post holder. Incremental progression is subject to satisfactory performance. Accelerated increments can be awarded in exceptional circumstances within the grade but not beyond the top of the grade. Incremental progression for the two Deputy Chief Executives is subject to performance and achievement of targets.

3.4 New starters joining the Council

Appointments are made at the bottom of the salary scale, or at an appropriate point taking into account relevant skills and experience, and staff progress through the scale to the maximum of the grade over a number of years as experience is gained, subject to satisfactory performance.

3.5 Allowances and additional payments

Additional payments may be approved by the Chief Executive, Deputy Chief Executives and Management Team in the case of a member of staff undertaking additional duties for an extended period of time outside the normal responsibilities of their post or to complete specific tasks. For example to cover the duties of a vacant post which is at a higher grade, to undertake additional work in relation to a time-limited project, or where a formal partnership/secondment arrangement is in place with another local authority resulting in additional duties, responsibilities, complexity and working hours and it is not appropriate to otherwise change the grade of the post.

Spelthorne will consider paying a recruitment or retention allowance in order to maintain service provision where it has been difficult to recruit to a vacant post or to retain staff in a particular service and specific criteria are met (policy agreed by the Executive on 9 December 2003). Recruitment and retention payments are a separate payment, not consolidated into salary, and are subject to annual review and removed when no longer justified.

Essential user and casual user car allowances are payable where staff are required to use their own vehicles for council business. A non-pensionable car allowance is applied to the Chief Executive and Deputy Chief Executive posts (car leases no longer apply to these posts). Car leases or a cash alternative allowance are applied to Head of Service posts. Committee Allowance payments are payable where staff are required to attend Council meetings outside normal working hours (except for Management Team and head of service posts who do not receive additional payment).

3.6 Pay awards

Spelthorne applies the national pay awards agreed by the National Joint Council for Local Government Services to all staff including Chief Officers. Pay awards are implemented as they are agreed, from the agreed effective date.

3.7 Pension scheme

All Spelthorne staff including Chief Officers are eligible to join the Local Government Pension Scheme with employee contributions tiered according to salary band. Employee contributions range from 5.5% for pensionable pay up to £13,600 to 12.5% for pensionable pay above £151,800 (the top rate does not apply to any Spelthorne posts).

The Council's pension current service contribution as employer is currently 15.8% (additionally there is a past service deficit contribution paid as a single lump sum of £1,018,000 by the Council). Employer contribution rates are reviewed every 3 years following a revaluation of the pension fund and pension liabilities in relation to current and past members. The next revaluation is due in 2016

3.8 Policy on employing someone who has taken redundancy from another authority

An individual who has been made redundant from another council may apply to work at Spelthorne and would be considered against the required criteria for the post. If they accept an offer of employment with Spelthorne before the end of their employment with the other council to take effect within 4 weeks of leaving then they will not be due a redundancy payment from the previous employer and will retain continuity of service. If the gap is longer than 4 weeks their continuous service is broken, which means that they would have no eligibility for redundancy payments until they have 2 years further service.

3.9 Policy on employing someone who is also drawing a pension

In line with the pension regulations Spelthorne has a flexible retirement policy and will consider requests from staff who wish to draw their pension and continue working in a reduced capacity. Requests will only be agreed where there is a salary saving through either reduced hours or responsibility.

An individual who is drawing a pension in relation to a previous employment may apply to work at Spelthorne and would be considered against the criteria for the post. If they are appointed, the salary will be in accordance with the grade for the job, with abatement of their pension subject to the rules of the appropriate pension scheme of the pension in payment, as apply at the time.

3.10 Policy on increase in or enhancement to pension entitlements

Pension entitlements are in line with the Local Government Pension Scheme Regulations and Spelthorne Pensions Policy in operation at the time.

Spelthorne's Pension Policy was agreed by the Council on 24 April 2014. It applies to all Spelthorne employees including Chief Officers. The Pension Policy is attached as Appendix 3 (to the Pay Policy Statement).

3.11 Payment arrangements

Employees, including chief officers, are paid through payroll and subject to appropriate income tax and national insurance deductions.

4 Level and elements of remuneration for chief officers

4.1 Salaries for chief officers

Spelthorne policy is to pay chief officers according to the Spelthorne salary grade appropriate for the duties and responsibilities of the job. Each grade consists of a number of points from the Spelthorne pay spine, from the bottom to the top of the grade.

The salary paid to heads of service posts depends upon the range of responsibilities and consists of a salary range of a number of increments taken from a 12 point head of service salary band. Changes to the salary band for particular head of service posts may be agreed by the Chief Executive and Management Team if the range of responsibilities is increased.

The current full time salary scales for chief officer posts listed in Paragraph 2.1 above are set out in the table below. Where posts are filled on a part-time basis the post holders are paid pro-rata to their contractual hours.

Post	Bottom of salary range	Top of salary range
Chief Executive	£100,679	£113,512
Head of Corporate Governance (monitoring officer)	£60,156	£68,400
Deputy Chief Executives	£80,543	£90,809
Communications Manager	£34,288	£41,450
Principal Solicitor and deputy monitoring officer	£48,439	£51,742
Principal Committee Manager	£34,288	£36,952
Electoral Services Manager	£30,347	£41,450
Heads of service	£52,115	£68,400
Principal Accountant	£48,439	£51,742
Community Safety Manager / Economic Development Manager	£37,993	£46,840
Family Support Programme Team Manager	£61,320	£61,320
Community Development Manager	£34,288	£41,450
Senior Environmental Health Manager	£48,439	£51,742
Building Control Manager	£43,628	£51,742
Internal Audit Manager	£30,347	£46,840
Human Resources Manager	£48,439	£51,742

Any restructures during the year or secondments to cover short-term requirements may alter reporting relationships and could change the roles reporting to specific Chief Officer posts, with the appropriate salary range from Spelthorne grades applying.

4.2 Other pay elements for chief officers

Lease cars no longer apply to Management Team posts: a non-pensionable car allowance is paid to the Chief Executive and Deputy Chief Executives as part of the total remuneration package. Current car allowances are £6,300 for the Chief Executive and £4,900 for the Deputy Chief Executives. Lease cars are provided to heads of service who are employed on JNC conditions of service for Chief Officers as a part of the total remuneration package or a cash alternative allowance is paid as an alternative. Lease cars and cash alternatives are not pensionable. Current lease car values are £4,293 for heads of service.

The salaries for chief officer posts on JNC terms and conditions for Chief Executives / Chief Officers (the Chief Executive, Deputy Chief Executives and heads of service posts) are inclusive salaries with no additional recompense for additional hours worked, for attendance at Council or other meetings outside of normal working hours, for expenses, for telephone use or for business mileage, except for journeys of 100 miles or more. A mileage rate equivalent to the HMRC rate for company cars applies (14p per mile for most vehicles) for journeys of 100 miles or more.

Posts listed as deputy chief officers which are employed on the NJC conditions of service for Local Government Services are eligible for car allowances if they are required to undertake business mileage, committee attendance allowance if they are required to attend council or other meetings outside normal working hours, overtime payments if required to work additional hours and they may claim for reimbursement of expenses incurred in the performance of their duties.

Professional fees required for the post are paid (for example membership of CIPFA for the chief finance officer and legal practising certificate for the monitoring officer).

Election fees are paid separately for additional duties and responsibilities undertaken as elections fall. The Chief Executive acts as Returning Officer at elections and other chief officers may receive payments for any additional work undertaken during a national or local election as deputy returning officers, presiding officers or poll clerks at polling stations or for working at the election counts. Election fees are set as elections are called taking account of guidance issued by the Ministry of Justice.

4.3 Remuneration of chief officers on recruitment

Starting salaries are at the bottom of the salary scale, or at an appropriate point taking into account relevant skills and experience.

Chief Executive and Management Team approval is required before recruitment to any post below management team level. Approval to fill posts at management team level and for heads of service where the salary extends to the maximum of the head of service grade requires the agreement of the Leader of the Council, with selection decisions made by a member Appointments Committee and ratified by Council if required (for Chief Executive). New appointments may be eligible for removal expenses under the Council's Home Relocation Policy.

4.4 Increases and additions to remuneration for each chief officer

Salaries are increased by any pay award agreed in the year. Spelthorne applies the national pay awards agreed by the National Joint Council for Local Government Services to all staff including Chief Officers. Pay awards are implemented as they are agreed, effective date as agreed.

Changes to salary ranges and other pay elements must be agreed by the Leader/Cabinet for the Chief Executive, by the Chief Executive in conjunction with the Leader for Deputy Chief Executive posts and by the Chief Executive and Management Team for all other posts.

4.5 Performance related pay for chief officers

There is no additional performance related pay for Spelthorne chief officers or any other staff. Progression through increments is subject to satisfactory performance. Incremental progression for the Deputy Chief Executives is subject to performance and achievement of targets. Once an employee reaches the top of their salary scale there is no opportunity to earn more.

4.6 Bonuses for chief officers

There are no bonuses available for chief officers or for other staff.

4.7 The approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority

Spelthorne's Discretionary Compensation Policy agreed by the Executive on 6 February 2007 and confirmed by Cabinet in July 2014, sets out the approach for payments in the event of termination on the grounds of redundancy and efficiency of the service. There is a consistent method of calculating redundancy pay which is applied to all redundant employees, including chief officers, with the level of redundancy pay calculated using the statutory matrix with a multiplier of 2 and at actual weekly earnings (to a maximum of 60 weeks' pay for staff with over 20 years local government service). The redundancy payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment and applies when a post is deleted. In the case of termination on efficiency grounds payments would depend on the circumstances of the case and would exceed the amount due for redundancy only in exceptional circumstances, to a maximum of 104 weeks.

The government has consulted on introducing a public sector cap on exit payments and, if agreed, this may affect redundancy/termination payments for chief officers. The taxation of termination payments is in accordance with statutory provisions.

4.8 Additional payments for chief officers

Additional payments may be approved in the case of a member of staff undertaking additional duties for an extended period of time outside the normal responsibilities of their post. For example to undertake additional responsibilities, to cover the duties of a vacant post which is at a higher grade, to undertake additional work in relation to a time-limited project, or where a formal partnership/secondment arrangement is in place with another local authority resulting in additional duties, responsibilities, complexity and working hours and it is not appropriate to otherwise change the grade of the post.

5. The remuneration of the lowest paid employees

The lowest paid employees are those in posts graded at Scale 1, which has a current salary range from £15,690 to £17,791 per annum. The pay rate at the bottom of scale 1 is £8.35 per hour compared to the national minimum wage of £6.70 per hour (National Minimum Wage rate from 1 October 2015 for workers aged 21 and over) and the National Living Wage of £7.20 per hour from April 2016 for workers aged 25 and over. The Living Wage Foundation's non-statutory UK Living Wage is £8.25 per hour.

Young people employed as Apprentices for the temporary period of their apprenticeship training are paid on an appropriate pay rate taking into account the level of work and level of qualifications to be obtained with a minimum of the appropriate statutory minimum wage rates [£3.30 per hour Apprentice rate for under 19 year olds, The National Minimum Wage rate of £3.87 per hour for under 18 year olds, £5.30 per hour for 18 – 20 year olds and £6.50 per hours for 21 years and over].

6. The relationship between the lowest and highest paid staff

The ratio between the lowest and highest paid salaries is less than 1:8. The lowest salary rate is £15,690, the top of the Chief Executive's salary scale is £113,512 which is a pay multiple of 1:7.23.

7. The relationship between the highest paid employee and employees who are not chief officers

The ratio between the median earnings across the organisation and the taxable pay of the highest paid employee (the Chief Executive) is 1:3.99

The ratio between the mean average earnings across the organisation and the taxable pay of the highest paid employee (the Chief Executive) is 1:4.32

8. Salary and severance payments over £100,000

8.1 Spelthorne has one post with a salary package above £100,000, the Chief Executive. The appointment of a new Chief Executive is made in accordance with the council's Constitution and statutory provisions. There would be a report to members on the arrangements for an appointment, including the salary level, and the appointment would be made by a member Appointments Committee and confirmed after ratification by full Council.

8.2 Severance payments are made in accordance with the council's Discretionary Compensation Policy and would exceed £100,000 only in exceptional circumstances. Redundancy payments are based on the statutory matrix and Spelthorne multiplier to a maximum of 60 weeks' pay. Severance payments on the grounds of efficiency will exceed that level only in exceptional circumstances. To date no staff have received direct severance payments over £100,000.

8.3 Where the severance payment made to the individual and any pension costs payable by Spelthorne total over £100,000 the amounts are reported in the

Statement of Accounts for the year that the termination was agreed (the termination may take effect in a subsequent financial year).

9. <u>The publication of and access to information relating to remuneration of chief officers</u>

The annual pay policy statement is published on the Spelthorne Borough Council website where it can be easily accessed by tax payers and external organisations.

Appendix 1 Pay Policy Statement effective from April 2016

Appendix 2 Discretionary Payments Policy

Appendix 3 Pension Policy

Discretionary Compensation Policy agreed in 2007 (reviewed in 2014)
The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Policy Statement

The policy sets out the arrangements for discretionary compensation to staff who are leaving employment due to redundancy or efficiency, including to

- Employees who are dismissed on the grounds of redundancy
- Employees who are retiring early in the interests of the efficiency of the service
- Employees whose employment is terminated in the interests of the efficiency of the service

Factors to be taken into account in awarding compensation to include

- Overall cost and reasonableness, including benefits to the Council Tax payer of the employee leaving the Council's service
- Financial savings to be incurred by the employee leaving the Council's service
- Ability to implement organisational change
- Employee relations considerations
- Fairness and consistency of approach
- Protecting the Council from legal challenge

Discretion available under 2006 regulations	**Spelthorne Policy – Redundancy**
Pay at actual week's pay Lump sum payment up to 104 week's pay to include the statutory redundancy payment (ie up to 3.46 times the statutory amounts) No added years	All Redundancy Payments to be calculated on the employee's actual week's pay Redundancy payments at the end of a temporary fixed term contract to be at statutory weeks. Redundancy payments in other cases to be at twice the statutory minimum, using the government's redundancy payments calculator (to a maximum of 60 weeks). To be inclusive of the statutory redundancy payment. Employees who are members of the Local Government Pension Scheme be given the option to convert lump sum compensation payments into additional pensionable service on a strictly cost-

	neutral basis, in accordance with the formula published by the government. Decisions must be made before the last day of service with full costs of augmentation confirmed by Surrey County Council Pensions Unit. The statutory redundancy payment element cannot be converted. Redundancy payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate

Discretion available under 2006 regulations	**Spelthorne Policy – Efficiency of the service**
Lump sum payment up to 104 week's pay No added years	A one-off lump sum payment, based on the merits of each individual case, up to the maximum of 104 week's pay. Only in exceptional circumstances would payments exceed 60 weeks pay (the maximum lump sum for redundancy). Employees who are members of the Local Government Pension Scheme be given the option to convert lump sum compensation payments into additional pensionable service on a strictly cost-neutral basis, in accordance with the formula published by the government. Decisions must be made before the last day of service with full costs of augmentation confirmed by Surrey County Council Pensions Unit. Compensation payments to be agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader as appropriate

This Policy is effective from 1 April 2007. The Policy will be kept under review. Any future changes to the policy will come into effect one month after the amended policy is agreed and published.

Reviewed by Cabinet on 15 July 2014.

Local Government Pension Scheme Regulations
Policy on Augmentation of Service under Section 52

The Local Government Pension Scheme (LGPS) regulations give the discretion to augment pension service (award added years of pension service) at any point in the employment relationship. Spelthorne has adopted the discretion to be used in appropriate cases.

If augmentation is agreed under the LGPS regulations it is not possible to pay a lump sum under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006.

Redundancy
Individuals will have the option of converting the discretionary element of the compensation payment to added years if they wish to do so, with decisions made before their last day of service. The discretionary element of the lump sum payment in the event of redundancy is the total amount less the statutory redundancy payment at actual weeks pay.

Efficiency
Where a lump sum compensation payment is made under the Discretionary Compensation regulations individuals will have the option of converting the lump sum compensation to added years service if they wish to do so, with decisions made before their last day of service. Spelthorne may augment service in exceptional circumstances agreed by the Chief Executive in consultation with the Leader or the Chief Financial Officer in consultation with the Leader, as appropriate to the case. Augmentation can only be granted where no compensation payments are made under the 2006 compensation regulations.

Other cases
Spelthorne may consider augmentation of service in other exceptional circumstances in cases agreed by the Chief Executive and Leader.

January 2007

This Policy is effective from 1 April 2007. The Policy will be kept under review. Any future changes to the policy will come into effect one month after the amended policy is agreed and published.

Reviewed by Cabinet on 15 July 2014.

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Spelthorne Borough Council

Pensions Policy Statements

1. These following statements of policy are made in respect of the exercise of discretionary functions under the Local Government Pension Scheme Regulations 2013, which come into effect from 1 April 2014.

Pension Regulation	**Policy**	**Delegation**
Regulation 16 (2)(e) and 16 (4)(d) Funding of additional pension contributions. Voluntary funding of additional pension contributions via a Shared Cost Additional Pension Contribution (SCAPC) contract, either by regular on-going contribution or one-off lump sum	Spelthorne will not offer shared cost additional pension contributions. Employees who are members of the Local Government Pension Scheme (LGPS) may fully fund their own additional pension contributions.	
Regulation 17. Additional voluntary contributions. Additional voluntary contributions (AVC) via an approved AVC scheme.	Spelthorne will not offer Shared Cost Additional Voluntary Contributions. Employees who are members of the LGPS may fully fund their own AVC arrangements.	
Regulation 30 (6). Flexible retirement	To consider requests for Flexible Retirement on their merits and to agree where it is in the Council's interests. On the basis that pension benefits taken before normal retirement age are reduced in accordance with guidance issued by the Government Actuary. In exceptional circumstances the actuarial	Management Team for cases up to Head of Service 1 (i.e. heads of service whose personal salary range does not extend to the maximum of the head of service salary scale). The Cabinet for members of Management Team and heads of service above salary level Head of Service 1 (i.e. those heads of service

	reduction could be waived on compassionate grounds, or where it is in Spelthorne's business interests, and taking into account the affordability of the employer costs arising. See separate Flexible Retirement Policy Statement	whose personal salary range extends to the maximum of the head of service salary scale).
Regulation 30 (8). Waiving all or part of any actuarial reduction for a retirement before normal retirement age	Employees voluntarily retiring from age 55 before their normal pension age will have their benefits reduced so that there is no cost to the council. In exceptional circumstances the actuarial reduction could be waived on compassionate grounds, or where it is in Spelthorne's business interests, and taking into account the affordability of the employer costs arising.	Chief Executive in consultation with the Leader for cases below Management Team level. The Cabinet for cases at Management Team level.
Regulation 31. Award of up to £6,500 additional pension (at whole cost to the employer)	To consider and decide individual cases on their merits where it is in Spelthorne's interests and taking account of the employer costs of the additional pension.	Chief Executive in consultation with the Leader for cases below Management Team level. The Cabinet for cases at Management Team level.

2. The following statement of policy is made under the Local Government (Transitional Provisions and Savings) Regulations 2014, effective from 1 April 2014

Pension Regulation	Policy	Delegation
Whether to apply the 85 year rule to the pre 1st April benefits on or after age 55 and before age 60.	Employees may retire early from age 55 before their normal pension age with retirement benefits taken before age 60 reduced in accordance with guidance issued by the Government Actuary, with 85 year rule protection not applying. In exceptional circumstances to agree to apply the 85 year rule protection to pre-1 April 2014 benefits (waiving actuarial reduction) on compassionate grounds, or where it is in Spelthorne's business interests, and taking into account the affordability of the employer costs arising.	Chief Executive in consultation with the Leader for cases below Management Team level. The Cabinet for cases at Management Team level.

3. **The following statement of policy is made in relation to former employees who left before 1 April 2014, who may ask for early access to their pension benefits.**

Pension Regulation	Policy	Delegation
Requests for early payment of pension benefits before age 60 where employer consent is required. (Normal retirement age 65, with former employees able to access pension benefits from age 60 without the employer's consent.	Former employees may take their pension benefits from age 55 before their normal pension age on the basis that the pension benefits are reduced in accordance with guidance from the Government Actuary and there is no employer cost falling on Spelthorne.	

Employer's consent required before age 60).	In exceptional circumstances to agree to waive the actuarial reduction on compassionate grounds, taking into account the employer pension costs arising.	Chief Executive in consultation with the Leader of the Council.

Council April 2014