

Roberto Tambini
Chief Executive

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Our Ref: PGH/Cabinet
Date: 17 January 2014

Notice of Meeting

CABINET

Date: Tuesday 28 January 2014

Time: 19.00hrs

Place: Council Chamber, Council Offices, Knowle Green, Staines-upon-Thames.

Members of the Cabinet	Cabinet member areas of responsibility
R.L. Watts (Chairman)	Leader of the Council, Strategy and Human Resources
P. Forbes-Forsyth (Vice-Chairman)	Deputy Leader, Community Safety, Young People, Leisure and Culture
T.J.M. Evans	Finance
N. St. J. Gething	Economic Development and Fixed Assets
V. J. Leighton	Planning and Corporate Development
A. J. Mitchell	Environment (including Parks and Waste Management)
D. Patel	Parking services and ICT
J. M. Pinkerton OBE	Housing, Health, Wellbeing and Independent Living
J. R. Sexton	Communications and Procurement

AGENDA

Description	Page Number
1. Apologies for absence	
To receive any apologies for non-attendance.	
2. Minutes	
To confirm the minutes of the meeting held on 17 December 2013.	1 - 8
3. Disclosures of Interest	
To receive any disclosures of interest from members in accordance with the Council's Code of Conduct for members.	
4. Corporate Risk Management	
Councillor Evans	9 - 18
To receive the recommendation of the Audit Committee on the review of the Corporate Risk Register.	
5. Minutes and Recommendations of the Local Plan Working Party	
Councillor Leighton	19 - 20
To receive the minutes and recommendations of the Local Plan Working Party held on 6 January 2014.	
6. Treasury Management Strategy Statement and Annual Investment Strategy 2014-15 - Key Decision	
Councillor Evans	21 - 38
7. Annual Pay Policy Statement 2014-15 - Key Decision	
Councillor Watts	39 - 56
8. Issues for future meetings	
Members are requested to identify issues to be considered at future meetings.	
9. Urgent Items	
To consider any items which the Chairman considers as urgent.	
10. Exempt Business	
To move the exclusion of the Press/Public for the following item(s), in view of the likely disclosure of exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006.	

11. Exempt report - Procurement of support services for temporary accommodation - Key Decision

Councillor Pinkerton OBE

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the Authority holding the information) and on the basis that publication would not be in the public interest because any legal documents, including contract documents relating to the procurement of support services for temporary accommodation, will be the subject of confidential negotiations, and the disclosure at this stage of information to the public may prejudice the Authority in such negotiations.

12. Exempt report - Catering at Staines Community Centre

Councillor Pinkerton OBE

Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the Authority holding the information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because: Disclosure to the public would prejudice the financial position of the authority, and hence the Council Tax payer, as revealing the identity of the selected tenderers would be likely to give an advantage to a person entering into, or seeking to enter into, a contract with the authority.

Minutes of Cabinet

17 December 2013

Present:

Councillor R.L. Watts, Leader of the Council, Chairman of the Cabinet and Cabinet Member for Strategy and Human Resources
Councillor P. Forbes-Forsyth, Deputy Leader and Cabinet Member for Community Safety, Young People, Leisure and Culture
Councillor T.J.M. Evans, Cabinet Member for Finance
Councillor N. Gething, Cabinet Member for Economic Development and Fixed Assets
Councillor V.J. Leighton, Cabinet Member for Planning and Corporate Development
Councillor D. Patel, Cabinet Member for Parking services and ICT
Councillor J.M. Pinkerton OBE, Cabinet Member for Housing, Health, Wellbeing and Independent Living
Councillor J. Sexton, Cabinet Member for Communications and Procurement

Apologies: None given.

2000. Minutes

The minutes of the Cabinet meeting held on 26 November 2013 were agreed as a correct record.

2001. Disclosures of Interest

There were none.

2002. Petition on the sale of land at Brooklands College, Ashford campus

Cabinet received and noted a petition on the sale of land at Brooklands College, Ashford campus and encouraged the petitioner to communicate with Brooklands College.

2003. Petition on the Stonham BASS bail hostel at Woodthorpe Road, Ashford

Cabinet received and noted a petition on the Stonham BASS bail hostel at Woodthorpe Road, Ashford and encouraged the petitioner to communicate with Stonham BASS.

2004. *Localisation of Council Tax support (adoption) – Key Decision

Cabinet considered a report on the proposed Local Council Tax support scheme.

RESOLVED TO RECOMMEND that Cabinet approves the revised Council Tax discounts and premiums from 1 April 2014 (for a minimum of two years) as set out in para 4.2 of the report of the Assistant Chief Executive, subject to the application of the Regulations issued for schemes under the Local Government Finance Act 2012.

Reason for the decision:

Cabinet agreed on 9 September 2013 that the then current local scheme needed to be revised.

2005. *Technical reforms to Council Tax discounts and premiums (adoption) – Key Decision

Cabinet considered a report on the proposed technical reforms to Council Tax discounts and premiums.

RESOLVED TO RECOMMEND that Council approves the revised Council Tax discounts and premiums from 1 April 2014 (for a minimum of two years) as set out in para 4.2 of the report of the Assistant Chief Executive, subject to the application of the Regulations issued for schemes under the Local Government Finance Act 2012.

Reason for the decision:

Cabinet agreed on 9 September 2013 that the then current local scheme needed to be revised.

2006. *Corporate Plan 2013-15 – Key Decision

Cabinet considered a report on the Council's revised Corporate Plan for 2013-15.

RESOLVED TO RECOMMEND that Council adopts the proposed Corporate Plan for 2013-15.

Reason for the decision:

Cabinet noted that the revised Corporate Plan outlines the new priorities for Spelthorne going forward.

2007. *Spelthorne Economic Strategy – Key Decision

Cabinet considered a report of the Leader's Economic Development Task Group on the Economic Strategy.

RESOLVED TO RECOMMEND that Council approves the revised Economic Strategy.

Reason for the decision:

Cabinet noted the actions which the Council will be taking over the next few years to further secure the sustainable growth of the local economy.

2008. *Adoption of a Statement of Licensing Policy 2014-19 – Key Decision

Cabinet considered a report on the proposed Statement of Licensing Policy.

RESOLVED TO RECOMMEND that Council adopts the proposed Statement of Licensing Policy for 2014-19.

Reason for the decision:

Cabinet noted that there is currently a requirement under Section 5 of the Licensing Act 2003 for licensing policies to be revised at least every three years.

2009. *Scrap Metal Dealers' Act 2013 fee setting and delegations – Key Decision

Cabinet considered an update on the implementation of the Scrap Metal Dealers' Act 2013.

RESOLVED TO RECOMMEND that Council:

- Approves the fee levels as detailed in the report of the Assistant Chief Executive.
- Approves the delegations as detailed at 2.7 to 2.9 in the report of the Assistant Chief Executive.

Reason for the decision:

Cabinet noted that the proposed level of fees is set to ensure that the Council recovers its cost in administering its duties under the 2013 Act.

2010. How to deal with the issues of spitting and chewing gum waste

Cabinet considered a report on the prospect of implementing a new byelaw to prohibit spitting and littering of chewing gum in public open spaces.

RESOLVED that Cabinet agrees to option 3 (3.2) of the report of the Assistant Chief Executive to be implemented on a trial basis for a period of three months in Staines-upon-Thames High Street.

Reason for the decision:

Cabinet noted that the three months' trial might act as a deterrent to the public.

2011. Laleham Park boathouse Lease

Cabinet considered a report requesting approval to grant a new lease of the Council's land to Sir William Perkins' School to enable them to construct and run a boathouse for rowing at Laleham Park.

RESOLVED that Cabinet approves the disposal of an interest in land over £75,000

Reason for the decision:

Cabinet noted that this proposal supports economic development, employment and additional community facilities for local residents at no on-going financial cost to the Council.

2012. Residential properties in parks

Cabinet considered a report on the residential properties in parks and their use as temporary accommodation for homeless families.

RESOLVED that Cabinet notes the information within this report and authorises the Strategic Housing Group (SHG) to investigate the possibility of a business model for provision of accommodation for homeless families.

Reason for the decision:

Cabinet noted the shortage of temporary accommodation available to the Council to place homeless families in.

2013. Remote working project update

Cabinet considered a report highlighting the main conclusions and recommendations of the project.

RESOLVED that Cabinet notes the contents of the report of the Assistant Chief Executive and the conclusions and recommendations listed in **Appendix A**.

Staisafe radio network

Cabinet considered a report on a proposal to provide a radio communications system to replace the existing provision in Staines-upon-Thames which would cover the whole of the Borough.

RESOLVED that Cabinet supports a supplementary capital estimate of £45,000 being made available for the purchase of radios and new mast.

Reason for the decision:

Cabinet noted that this communications system reduces the incidence of crime as well as supporting detection and improving the economic well-being of the towns in the Borough.

2014. Outside Bodies appointment

Cabinet considered a report seeking approval to change the current representation on the South East Employers' (SEE) organisation due to the change in the portfolio responsibilities for Councillor Leighton.

RESOLVED that Cabinet appoints a new representative to the South East Employers' organisation.

2015. Leader's announcements

The Leader referred to the Council's recent achievements (below) and highlighted in particular the items from Audit and the Leisure team.

Audit

A vigilant finance officer prevented a major fraud when she carried out checks on the validity of a letter to the Council providing new bank account details for a major contractor.

Environmental Health

A property developer was recently successfully prosecuted by the Council for allowing one of his unsecured sites in the Borough (lock up garages at Vibia Close, Stanwell) to be a location for persistent fly tipping. He pleaded guilty and Staines Magistrates Court fined him a total of £1,000 and ordered him to pay legal costs of £372 to the Council. He was also charged with the costs of the Council removing the rubbish.

The Council's Environmental Health and Sustainability teams worked together to have a new boiler installed in a local couple's home. They had been without heating or hot water.

Officers from the Environmental Health team delivered portable heaters to a vulnerable elderly resident who had reported that her boiler had stopped working. The portable heaters enabled the resident to stay warm over the weekend while her family arranged for the boiler to be repaired.

A stray dog without a collar or tag was reported to the Council's Environmental Health team. It was in poor condition, but the team arranged for the RSPCA to treat and re-home it.

A recent internal audit of Environmental Health's licensing functions resulted in it obtaining the highest level of assurance - "effective". This meant that controls in place were evaluated as being adequate, appropriate and effective to provide reasonable assurance that risks were being managed and objectives met.

Community Safety

A great example of the benefit of the Junior Citizen programme was highlighted recently. Whilst on her way to school, a pupil from Town Farm Primary School in Stanwell helped a cyclist who had been hit by a car. Using skills acquired from Junior Citizen, she placed the injured cyclist in the recovery position and kept them warm until the ambulance arrived.

Environment

Almost 200 residents have contacted Action Surrey to access grants for energy efficiency improvements ranging from loft or cavity installation to boiler replacements and renewable technology installations. These save our residents money and assist the most vulnerable members of our community.

54 Green Deal Assessments have been carried out across Spelthorne in partnership with Action Surrey. This provides residents with an energy efficiency overview of their property and recommends measures that can help them save money.

Since June, six recycling road-shows have been held at supermarkets across Spelthorne. These have been hugely successful with approximately 600 residents receiving advice and reminders about recycling and food waste collection services.

The Environment team have been building on the successful school food waste road shows that were trialled last year. They have spoken to approximately 300 parents/carers so far this term about how to reduce food waste at home and how to use the collection service. They have also increased the number of schools that have a food waste collection service.

Since June we have been selling food waste liners at libraries, community centres and the Council Offices. These are bought in bulk and sold for almost half the price of supermarkets. The project is generating a small profit, which we are feeding back into the purchase of more bags.

We have rationalised our recycling bank sites over the last two months from 18 to 8. This has removed sites where we were persistently having contamination problems, such as Ashford Hospital and Sunbury Tesco.

The Surrey Waste Partnership has recently undertaken a waste composition analysis of a number of streets which were deemed to be typical of Spelthorne. This analysis was of the residual waste and aimed to provide further information about materials which are not being recycled by residents.

The flower beds at Scott Freeman Green on Stanwell Road in Ashford have recently been replanted by Lotus Landscapes. The new beds have been designed to be eye catching yet low maintenance with perennial plants such as cyclamen, heather, juniper and conifer as well as ornamental slate stones.

Planning

The look and feel of Staines-upon-Thames is set to change significantly over the next few years after Spelthorne Council's Cabinet gave the go-ahead to further investigate the possibility of redeveloping several sites in the town. The aim is to breathe new life into an already successful town centre with a mix of vibrant new developments which make best use of an under-utilised natural asset, the River Thames.

The Council has successfully taken action against the owner of a site who used it as a scrap yard without planning permission. Whilst there was permission for a car workshop, the owner of the site was using it to load, unload and undertake basic processing of scrap metal. The Planning Inspector agreed with the Council that the level of noise and disturbance was unacceptable. The owner has six months to vacate and find another site.

The Council has recently secured the convictions of two defendants who were involved in the illegal felling of five trees protected in Shepperton under a long standing Tree Preservation Order. Tree surgeon Martin Declan Jones, was fined £750 and ordered to pay Council prosecution costs of £700 and the landowner was fined £10,000 and ordered to pay prosecution costs of £1,500.

The owner of an unsecured lock up garage site in Stanwell has been prosecuted by Spelthorne Council. The site was easily accessed from the open road and became a location for large amounts of fly tipping. The owner was fined a total of £1,000 and also ordered to pay £2,880 for the cost of removal and £372 to cover the Council's legal costs.

Council Tax and Benefits

Council Tax and Benefits is offering residents the chance to win a Christmas hamper if they sign up to use the Council's online services before 13 December.

Leisure

The Leisure team is currently consulting residents on how best to provide leisure facilities in the Borough. The deadline for completing the questionnaire is Friday 31 January 2014.

Two Spelthorne-based individuals enjoyed success at the Surrey Sports Awards held on Thursday 5 December at Kempton Park. Alan Woolford, of Queen Mary Sailing Club won the *3wise Disability Sport Award* and Daniel Simper was awarded the *Active Surrey Coach of the Year Award*.

The first of three Santa Trails was held at Sunbury Cross on Saturday 7 December. It was very successful with over 60 children and parents turning out to help find Santa.

A free craft open day with a Christmas theme was held on 14 December for children aged 5-11 at the Resource Centre in Staines Park.

Independent Living

Spelthorne Council, London Irish Rugby Club and Tesco in Sunbury are joining forces to give the Borough's Meals on Wheels customers a beautifully wrapped gift containing a box of chocolates, a mince pie, a scarf and a Satsuma; delivered with their meal on Christmas Eve.

Communications

The winter edition of the Bulletin has been delivered to all homes in the Borough. It includes articles about Christmas events, planning enforcement and rubbish/recycling collections over the festive period.

2016. Issues for Future Meetings

There were none.

2017. Urgent Items

There were none.

NOTES:-

- (1) ***Members of the Overview and Scrutiny Committee are reminded that under Overview and Scrutiny Procedure Rules, 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 23 December 2013

Recommendation from the Audit Committee on Corporate Risk Management

Cabinet: 28 January 2014

Purpose of Report

To present the Cabinet with the recommendation made by the Audit Committee on the review of the Corporate Risk Register

Background

- 1.1 The Council's Risk Management Policy/Strategy was approved by the Executive in 2002.
- 1.2 The Audit Committee is responsible for considering the effectiveness of the authority's risk management arrangements, and receives regular reports on risk issues.
- 1.3 The policy/strategy, flowchart of responsibilities and Corporate Risk Register (Appendix 1) can be found on Spelnet, and the service risk registers can be found on global public folders.
- 1.4 The Corporate Risk Management Group revise the Corporate Risk Register on a quarterly basis. Actions required to reduce risks are shown together with officers responsible for implementing recommendations and deadlines.
- 1.5 The Audit Committee reviewed the revised Corporate Risk Register at its meeting on 12 December 2013 and noted and accepted the contents.

Audit Committee Recommendation

The Audit Committee recommends to the Cabinet:

That the Corporate Risk Register, as submitted, be approved.

Contact: Deanna Harris, Head of Audit Services, 01784 446207

Cabinet member: Councillor Tim Evans

Appendix 1

SPELTHORNE BOROUGH COUNCIL
CORPORATE RISK REGISTER – 2013/14 QUARTER 3

This Register summarises significant risks faced by the Council in relation to achieving the objectives and priorities as set out in the Council's corporate plan. It sets out controls in place and identifies any further action needed to mitigate risks. Actions are assigned to appropriate officers with target dates for implementation.

Reviewed November 2013

Level of risk: Likelihood vs. Impact on a scale of 1 (lowest) to 4 (highest)

RAG	RISK / CONSEQUENCES	LEVEL OF RISK	CONTROLS	ACTIONS	OWNER SHIP	ACTION DATE Original (O) Revised (R) Ongoing	PROGRESS
	1. Health and Safety failing resulting in death or serious injury to staff /public and legal action against the Council	4	Policies and SHE (Safety Health and Environment) system in place. Managers conduct regular risk assessments. Induction training for staff. Health and Safety Officer regularly updates Members and officers. Contracts let to manage Legionella and asbestos. Leased assets covered by health and safety procedure. A new inspection regime for parks and open spaces has been implemented which satisfies insurance requirements.		MAT	Ongoing	
	2. Uncertainty surrounding the financial /economic/other consequences of contaminated land	4	Legal duty to inspect land and prioritise action. A separate risk assessment addresses contractual, financial/resources and legal/regulatory risks, and this is reviewed regularly. Reports have been issued to Management Team and Cabinet outlining financial and other risks.	<i>The Contaminated Land Strategy will be reviewed in 2014.</i>	ACX (LO)*	September 2013 (O) September 2014 (R)	

	<p>3. Disaster- major in borough, e.g. flooding, resulting in significant strain on council services (eg homelessness).</p>	<p>4</p>	<p>Corporate Emergency Plan updated Oct 2013. Membership of Local Resilience Forum (LRF). Regular testing of Emergency Assistance Centre plan. Yearly Borough Emergency Centre Plans. Incident management training and exercising. Updated Emergency Plan approved by Overview and Scrutiny November 2013.</p>	<p><i>Substantial work underway into Lower Thames Major Incident Flood Plan. Workshops being held in Borough to raise awareness of flood warning code changes. Strategic Flooding exercise planned for first quarter of 2014 and another for Nov/Dec 2014 with a large multi agency tactical level live exercise 2015 (agreed by LRF). Review of Emergency Assistance Centre plan underway and review of Vulnerable people plan underway -multi agency work through the Local Resilience Forum. Target date July 2014.</i></p>	<p>ACX (LB)/ RRM (NM)*</p>	<p>Ongoing</p>	<p>The recent flooding has triggered activation of the Emergency Plan, the Multi Agency Flood Plan, the Borough Emergency Centre plan, the Emergency Assistance Centre Plan and the Vulnerable People plan. A full debrief will be conducted.</p>
	<p>4. Failure to manage corporate and service performance (Performance Management)</p>	<p>3</p>	<p>The Corporate Plan sets out targets for the authority which should be monitored by Members and Management Team. Service performance should be monitored by Management Team. Planned requirement for quarterly updates on performance from 2013/14, as well as annual performance review. Individual performance should be monitored through the appraisal process. Flagship project performance is reported to Management Team and Members.</p>	<p><i>A new Performance Review template has been developed for each service and performance management process needs to be fully implemented.</i></p>	<p>MAT</p>	<p>March 2013 (O) December 2013 (R)</p>	<p>Partially actioned November 2013: Performance reviews have been completed although several of these are still awaiting comments from Cabinet Members.</p>
	<p>5. Failure to align service objectives to corporate aims / Failure to deliver services effectively due to poor service planning</p>	<p>3</p>	<p>Service plans should be derived from the Council's Corporate Plan and statutory/other responsibilities relating to services. Plans incorporate issues relating to resources, risks, workforce, significant projects and any relevant performance indicators.</p>		<p>Service Heads</p>	<p>Ongoing</p>	<p>A new Corporate Plan was approved in December 2013</p>

	6. Failure of projects due to poor project management arrangements. Lack of resource and expertise to deliver and coordinate asset related/other projects.	3	Updated project management arrangements in place including process for project initiation, consideration of resources available to deliver, identification of project risks and progress reporting processes. Project management support strengthened with Corporate Project officers in place. Programmed management improved for Staines upon Thames developments and Housing projects. A number of projects have been successfully delivered.	1. <i>Asset Management is a corporate priority and many of the Council's projects are asset related – this area will need to be kept under review.</i>	MAT	Ongoing	November 2013: The Sustainability and Open Spaces Manager has been seconded to Asset Management for a two year period to help deliver asset related projects. The situation needs to be kept under review.
				2. <i>There are currently 43 ongoing projects which the Council is committed to. It is important that the Council's Management Team ensures project documentation is completed so that the resource implications can be determined and agreed control processes adhered to.</i>	MAT	Ongoing	
	7. Security / data breaches, resulting in system failure, Information Commissioner fines and reputational damage.	3	Back up and continuity arrangements managed by ICT and tested by Service Heads. ICT security policies in place. Personal Commitment statement required from all staff. ICT security group assess ongoing risks. ICT disaster recovery test satisfactorily conducted June 2012 and will be repeated in January 2014.	<i>Information Governance Group developing action plan to ensure information assets are identified and managed.</i>	Head of CG *	June 2013 (O) March 2014 (R)	November 2013 : The Information Governance Group is developing an action plan to ensure information assets are identified and managed. The Head of Corporate Governance is reporting further to Management Team to identify financial resources required in order to progress the matters on the action plan. In the absence of dedicated resources the progress made to date is limited.
	8. Failure to meet the minimum security requirements of the Government Code of Connection resulting in termination of connection to any other government sites/data.	3	A review group assesses compliance with the Government Code of Connection (COCO). Firewall installed, laptops encrypted, memory sticks banned until they are 'white-listed' as known devices on the network, and universal serial bus (USB) ports locked down. Dual factor authentication on all laptops. Firewall review and external penetration test took place in December. The internal health check has taken place.	<i>The Cabinet Office has increased security requirements due to the implementation of the Public Service Network (PSN) - The Council is now close to meeting all the requirements.</i>	Head of ICT *	Nov 2013 (O)	November 2013: All staff accessing systems via the PSN will need to meet the government's Baseline Personal Security Standard and measures have been put into place to ensure access to government systems is permitted.

	<p>9. Loss or disruption to services / Lack of continuity planning / loss of building, equipment, ICT or staff / security incident at the council offices / Poor weather conditions.</p>	<p>3</p>	<p>Business Continuity Policy in place. The Business Continuity Forum oversees progress of business continuity planning. All Services should have up to date and tested Business Continuity Plans (see actions). Business Impact Assessments are complete. These identify priority services, resources required for their continuation and time frame. Emergency protocols for loss of building access/loss of power/loss of ICT are being developed. An emergency messaging system for staff has been rolled out. Live loss and denial of access exercise for Knowle Green took place 10 Sept 2013.</p>	<p><i>Planned upgrades to telephony to increase resilience. ICT disaster recovery exercise is next priority - provisional booking for May 2014. Service planning to begin June 2014 completed by Sept 2014. Corporate plan completed by November 2014.</i></p>	<p>Service Heads/MAT/RRM *</p>	<p>Nov-14</p>	
	<p>10. Failure in service delivery due to over reliance on individuals</p>	<p>3</p>	<p>Service Heads/MAT are responsible for ensuring business continuity, including loss of key staff. Critical procedures should be fully documented and staff appropriately trained. Service Heads should review arrangements as part of the service planning process. In some cases resilience may be provided from other local authorities or other organisations.</p>		<p>Service Heads/MAT</p>	<p>Ongoing</p>	
	<p>11. Failure in service delivery due to reduced capacity and increasing demands from the community. Increased risk of delay, errors or stress.</p>	<p>3</p>	<p>Short term reductions in capacity due to increasing demand or absence of staff are accommodated by prioritisation and reallocating work amongst staff. Longer term impacts and changes to demand may be more difficult to address. Service review may be required to help match resources to the level of work. In some circumstances it is necessary to supplement staffing levels with additional temporary or permanent resource. Resources need to be diverted to implementing new systems or introduce new ways of working. The recent strengthening of project management support is an example.</p>	<p><i>Members and Management Team will need to keep under review, including consideration of the impact of decisions and any statutory obligations on service/project delivery. Officers will need to continue to consider mitigating actions, including reallocating resources to priority areas where possible.</i></p>	<p>Service Heads/MAT</p>	<p>Ongoing</p>	

	12. Low morale as a result of service demand, lack of staff & financial resources, organisational changes, future uncertainty etc. This increases the risk of losing expertise and impacting on the achievement of the Council's objectives.	3	Change Management, clear communications, formal performance management system being set up, appraisals, one to one's, team meetings, performance clinics, staff meetings, staff workshops to be set up, Member training, corporate plan and priorities reviewed, Investors in People assessment. A peer review is taking place January 2014.	1: <i>Management Team to keep under review.</i>	MAT	Nov 2013 (O) Jan 2014 (R)	Partially actioned: November 2013 Management Team will consider producing Workforce Strategy which would address recruitment and retention, rewards, training and development and performance management arrangements. Management and Members are promoting 'good news' stories including the ongoing provision of day to day services with limited resources.
				2: <i>Consideration to be given a staff survey</i>	MAT/Head of HR *	May 2013 (O) Jan 2014 (R)	Points arising from the Investors in People (IIP) assessment report have been considered by Management Team
	13. Failure to obtain value for money (vfm) / lack of transparency in awarding contracts. Contractual disputes and claims through poor specs. Weak contract management resulting in Contractors/partners failing to deliver expected outcomes. Reputational damage and challenge by other companies. Financial loss/poor vfm as a result of poor contract management	3	Contract Standing Orders set out tendering requirements. Officer Code of Conduct set out requirement for declaration of interests. Contract guidelines in place with compliance checklist. Legal team provide support on contract management as requested. Contract management training held in September 2012, although this was not attended by all relevant services. Legal Services have updated managers in July 2013. Performance measures and contractual safeguards in place Development of the e-procurement system continues and further contracts continue to be sourced with this solution which offers significant time savings and efficiencies for staff in Legal	1 : <i>Procurement training to be provided on specification writing and evaluation methods.</i>	HEAD OF CG*	Oct 2013 (O) March 2014 (R)	Legal Services are currently organising training for relevant staff
				2: <i>Procurement, contract management and asset management expertise is limited across the authority.</i>	MAT	Ongoing	Management Team has considered expertise and resources in these areas. Additional resource has been allocated to Asset Management. The Corporate Risk Management Group will continue to monitor.
				3: <i>The new Surrey County Council parking agreement will be closely monitored by Financial Services as the authority will now bear the cost of any deficits whereas any surplus will be shared.</i>	ACX (TC)*	Ongoing	

	<p>14. Pressures on Housing Service as a result of economic climate and welfare reforms including changes in government policy to restrict housing benefit. Introduction of Universal Credit may lead to staff retention issues. Loss of Housing Benefit subsidy and uncertainty over recovery of outstanding debt.</p> <p>Introduction of Council Tax Support scheme will impact on resources.</p>	<p>3</p>	<p>Service Heads/ MAT/Members are aware of risks. Working groups established to deal with the various changes. The authority faces some challenges in managing the loss of £500k per annum in subsidy relating to recovery of Housing Benefit overpayments which will be fully realised once the roll out of Universal Credit is completed in 2017/18. The first year's impact is reflected in the 2013/14 budget and in medium term projections for future years. There is also uncertainty over recovery of the £1.5m of outstanding Housing Benefit overpayment debt which is currently in the Council's accounts. Cabinet will receive an update on Welfare Reforms shortly. This includes a suggested approach to the use of discretionary housing payments. Officers and A2D have been working with families affected by the benefit cap.</p> <p>The new council tax support scheme took effect from April 2013 and has generated a number of small council tax debts, which are difficult and time consuming to recover, impacting on resources.</p>		<p>Joint Heads of H & IL *</p>	<p>Ongoing</p>	
					<p>HOCS *</p>	<p>Ongoing</p>	<p>Recovery on Council Tax Support cases is 44% compared to 74% overall. Collection rate is down .5% and recovery notices up by 30%. Recovery arrangements have been tightened.</p>
	<p>15. Poor partnership governance arrangements</p>	<p>3</p>	<p>Review of strategic and internal partnerships undertaken. Partnership governance policy in place Significant partnerships identified. Overview and scrutiny committee to periodically review partnerships. Insurance arrangements in place</p>		<p>MAT</p>	<p>Ongoing</p>	
	<p>16. Uncertainty over economic growth and supplier failure, impacting on:</p> <ul style="list-style-type: none"> • Delivery of contracts and services • Business Rate income. 	<p>3</p>	<p>Financial Services monitor the financial media in relation to larger companies and critical commercial partners that the authority engages with.</p>	<p><i>Impact of new Business Rate arrangements on Council finances is under ongoing review.</i></p>	<p>ACX (TC) *</p>	<p>Ongoing</p>	<p>Financial assessment has been undertaken and in common with all the Surrey districts Officers are reviewing collection performance for business rates on a monthly basis and providing feedback to Surrey County Council (who receive 10% of the business rates we collect).</p>

			<i>Economic development is a Council priority and growth will impact on business rate income.</i>	ACX (TC) * CS & EDO*	Ongoing	An Economic Development Strategy has been prepared after consultation with various external bodies. Communication of the vision, proposed actions and measures of success will take place in December.
	17. Failure to comply with employment legislation or statutory duty leading to possible compensation (unlimited), damage to reputation, Legal costs and significant officer time.	3	Human Resources (HR) guidance on legislation and training to ensure compliance. The HR partnership with Runnymede has led to a reduction in professional HR support which could impact on the ability to identify and deal with employment law issues Equality and Diversity working group and training provided to all staff.	MAT/Service Heads/Head of HR*	Ongoing	
	18. Failure to comply with statutory duty / adhere to Safeguarding Policy leading to death or injury to child or vulnerable adult, legal action and reputational damage. Failure by County to address Spelthorne referrals relating to vulnerable children/adults.	3	The Council has recently updated its safeguarding policies and procedures. Details will be reported to Members in September. Staff and Members have received training. All referrals to Surrey County Council should be reported to a nominated Spelthorne Officer. Regular meetings held with Surrey County Council and consultation with the Surrey Safeguarding Children's Board (SSCB). SSCB carry out a Section 11 audit annually. The Children's Safeguarding and Adult at Risk Strategies were approved by Cabinet October 2013.	ACX (LB)/LSM*	Ongoing	
	19. Service delivery and planning difficulties due to reduction in Revenue Support Grant (projected fall by 80% from £2.5m to £0.5m over the next 5 years), along with the need to make significantly increased employer pension contributions.	3	Long term strategic/financial planning. Corporate Plan / priorities reviewed. Member engagement	MAT	Ongoing	<i>Income generation projects must be successfully delivered and hard decisions will need to be made around prioritisation of budgets and how services are delivered. With diminishing capital reserves the Council will need to carefully prioritise capital projects</i>




	<p>20. Poor return on long term investments /investments insecure in current climate</p>	<p>3</p>	<p>Treasury Management Strategy approved by Members. Aim to select counter parties of the highest credit quality; credit ratings monitored closely. Council's investments managed internally in consultation with Arlingclose. Use a range of credit ratings and criteria recommended by Arlingclose. Regular monitoring and reporting of investment portfolio and returns achieved.</p>		<p>ACX (TC) *</p>	<p>Ongoing</p>	
	<p>21. Increased risk of fraud / theft due to economic climate resulting in financial losses and damage to reputation of authority. Housing tenancy fraud reduces availability of social housing.</p>	<p>3</p>	<p>Corporate Policies including Confidential Reporting Code (Whistle blowing), Anti-fraud, Bribery and Corruption Strategy, Code of Conduct including rules relating to gifts and hospitality, and declaration of interest. Staff are reminded about governance policies during appraisal process. Fraud awareness training for staff and Members in 2012 and leaflet issued. Implications of Bribery Act (July 2010) considered by services (raised in Fraud Awareness training). Various other policies and procedures such as Financial Regulations and Contract Standing Orders, management checks, segregation of duties, reconciliation processes for financial systems and IT Security measures. Discussions with A2Dominion regarding proactive measures to reduce housing tenancy fraud. Head of Audit Partnership working with Joint Heads of Housing and Independent Living to explore possibilities for new corporate fraud work.</p>		<p>Service Heads/ MAT</p>	<p>Ongoing</p>	
	<p>22. Reduction in service delivery and possible loss of internal control as a result of savings required to balance budget</p>	<p>3</p>	<p>Management is responsible for maintaining key services and internal controls regardless of resource levels. Any savings offered will be accompanied with summary of any associated risks.</p>		<p>Service Heads/ MAT</p>	<p>Ongoing</p>	

***KEY TO OFFICERS**

MAT - Management Team
 Head of CS - Head of Customer Services, Linda Norman
 Head of CG – Head of Corporate Governance, Michael Graham
 Head of ICT – Helen Dunn
 ACX (TC) – Terry Collier
 Health and Safety Officer – Stuart Mann
 ACX (LB) – Liz Borthwick
 Head of S & L – Head of Sustainability and Leisure Services, Sandy Muirhead
 Head of SS – Head of Streetscene, Jackie Taylor
 ACX (LO) – Lee O’Neil
 Head of AM & OS – Head of Asset Management and Office Services, Dave Phillips
 Head of HR – Head of Human Resources, Jan Hunt
 CM- Contract Managers
 Joint Heads of H & IL – Joint Heads of Housing and Independent Living, Deborah Ashman and Karen Sinclair
 LSM - Leisure Services Manager, Lisa Stonehouse
 RRO – Risk and Resilience Officer, Nick Moon
 CS & EDO – Community Safety and Economic Development Officer, Keith McGroary

***KEY TO RAG RATING**

***KEY TO TARGET DATES**

 Actions outstanding
 Partially actioned/Ongoing
 Completed/Ongoing

* O = Original target date for assigned action
 * R = Revised target date for assigned action

LOCAL PLAN WORKING PARTY

Monday 6 January 2014

Present:

Cllr V. Leighton
 Cllr A. Mitchell
 Cllr D. Patel
 Cllr R. Smith-Ainsley
 Cllr R. Watts

1 Apologies

Cllr P. Broom and Cllr G Forsbrey,

2 Election of Chairman

Cllr R. Smith –Ainsley was elected as Chairman

3 Minutes of previous meeting

The minutes of 4 September 2013 were agreed.

4 Report of the Assistant Chief Executive

a. Community Infrastructure Levy (CIL)

Officers presented a covering report and various appendices relating to the preparation of CIL.

Appendix A set out the representations received on the Preliminary Draft Charging Schedule (PDCS) and recommended response to each point raised. As a result of representations received some further viability work had been undertaken which confirmed that the original work by the consultants remains valid. No changes to the proposed 'charges' were proposed. It was recommended that 'strategic flood defence measures' be added to the categories of infrastructure on which CIL receipts could be spent.

It was explained that new Government Regulations on CIL were due to come into effect by the end of January and these had been taken into account in the documents presented to the Working Party. It was noted these would allow the form of CIL charging structure that the Council had consulted on in terms of both differential rates according to size of residential development and by geographical area. The new Regulations would also mean that CIL would no longer apply to residential extensions and 'self-build' housing would also be exempt.

All the necessary documents required to publish the Draft Charging Schedule for public consultation were presented. The documents included:

- a. An addendum to the viability assessment (Appendix B)
- b. Draft Charging Schedule (Appendix C)
- c. Draft Charging Schedule – Technical Background Document (Appendix D)
- d. Latest version of the Infrastructure Delivery Plan (Appendix E)
- e. Draft Regulation 123 List (Appendix F)

A revised programme was presented which involved consultation on the Draft Charging Schedule from mid-February to mid-March, submission by the end of April, an Examination by an independent inspector around the end of August/early September and adoption at Council in October. It was noted this programme reflected the best assessment of timescales but was dependent on the number of representations received and the precise timing of the

examination both of which were largely outside the Council's control.

It was noted that in addition to the process of progressing the Draft Charging Schedule other work was required on the arrangements to apportion CIL receipts to specific infrastructure projects, preparation of supporting guidance including on phased payments and general administrative arrangements for managing CIL.

Recommendations:

Cabinet be recommended to agree:

- a. The report on public consultation on the Preliminary Draft Charging Schedule (Appendix A)
- b. The draft Charging Schedule (Appendix C)
- c. The supporting documents:
 - i) Appendix B - Addendum to the viability study
 - ii) Appendix D - Draft Charging Schedule – Technical Background Document
 - iii) Appendix E - Infrastructure Delivery Plan
 - iv) Appendix F- Draft Regulation 123 list
- d. That officers are authorized to make any necessary editorial adjustments to the above documents and such factual adjustments as may be required for the 'submission'.
- e. That the need to report any suggested changes to the Draft Charging Schedule arising from public consultation be determined by the Cabinet Member for Planning in conjunction with the Chairman of the Local Plan Working Party.
- f. To note the additional areas of work required

b. Progress on the Work Programme

The Working Party noted the planned work that had been completed on the Local Economic Assessment during 2013 and other major unanticipated work areas had also been accommodated by the Planning Policy team including the Economic Strategy, the Eco Park and the Davies Commission on airport capacity. It was noted that an additional Senior Planning Officer would be starting in late February and enable greater progress to be achieved.

Cabinet**28 January 2014**

Title	Treasury Management Strategy Statement and Annual Investment Strategy 2014/15		
Purpose	Recommendation required		
Report of	Chief Finance Officer	Confidential	No
Cabinet Member	Councillor Tim Evans	Key Decision	Yes
Report Author	Jo Hanger		
Summary and Key Issues	This report is to update members on current treasury position and to approve the Treasury Management and Annual Investment Strategy and Prudential Indicators for 2014/15 to 2016/17.		
Financial Implications	The ability of the Council to generate maximum net investment returns with minimal risk provides significant resources for the General Fund revenue budget and the subsequent financing of the Council's services to local residents.		
Corporate Priority	All corporate priorities are supported.		
Recommendations	<p>The Cabinet is asked to recommend that Council:</p> <ul style="list-style-type: none"> • Approves the proposed Treasury Management Strategy and Annual Investment Strategy for 2014/15 as set out in this report. • Approves the Prudential Indicators for 2014/15 as set out in Appendix A to this report. 		

1. Background

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS), which is a requirement of the Department of Communities and Local Government (DCLG) Investment Guidance.
- 1.2 In accordance with the requirements of the Prudential Code, the Council formally adopted the CIPFA Treasury Management Code at its meeting on 24th January 2012.
- 1.3 The purpose of this report is to approve the Treasury Management Strategy and Annual Investment Strategy for 2014/15 and to approve the Prudential Indicators for 2014/15 to 2016/17.

2. Key Issues

Treasury Limits and Prudential Indicators 2014/15 to 2016/17

- 2.1 It is a statutory duty under Section 3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review a limit on how much it can afford to borrow. The amount so determined is called the Affordable Borrowing Limit, and it represents the legislative authorised limit specified in Section 3 of the Local Government Act 2003.
- 2.2 The Council must have regard to the Prudential Code when setting this limit because it is required to ensure that the total capital investment is within sustainable limits and that the impact on the Council Tax is acceptable. The limit is set on a rolling basis, for the forthcoming financial year and two successive financial years.
- 2.3 The Prudential Code sets out the minimum Prudential and Treasury indicators required when setting an integrated treasury strategy. When setting these indicators, the Council must have regard to service objectives, stewardship of assets, value for money, prudence and sustainability, affordability and practicality. Indicators to be approved for the forthcoming and following years are attached at **Appendix A**.
- 2.4 The financial crisis of 2008 and the subsequent bank bailouts provided by governments and central banks will significantly increase credit risk for the Council in future. The Bank of England and the EU are introducing changes to regulations so that government bail-outs will no longer be an option. Bank bondholders and depositors will be expected to take haircuts and this has already happened with banks in Cyprus. Two additional Prudential Indicators in respect of security and liquidity of investments have been added to reflect this and are also included in the appendix.

Current Borrowing and Investments

- 2.5 The Council has no long term borrowings but has large sums invested with various counterparties and is therefore exposed to financial risks including capital losses and the effect of changing interest rates. The successful

identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

- 2.6 As at 31 December 2013, the Council had £21.4 million invested as follows:

Investment	£m
Pooled Equity and Bond Funds	7.5
Fixed Term Deposits	6.5
Instant Access Accounts and Money Market Funds	7.4
Total Value of Investments at 31.12.13	21.4

- 2.7 Only a proportion of the £21.4m is available for longer term investment (£14m). 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 1.43% for 2013/14.
- 2.8 A detailed analysis of investments held as at 31 December 2013 is attached as **Appendix B**. The core investment portfolio includes £7.5m invested in pooled equity, property and bond funds and a list of these particular investments and their current performance is detailed in **Appendix C**.
- 2.9 Borrowing has been restricted to meeting daily cash flow requirements and activity is very limited with short-term borrowing rates around 0.45% and short term investment rates between 0.25% - 0.50%. Although the Council currently has no long term borrowing and intends to continue to finance capital expenditure from capital receipts, prudential borrowing may be an option for the future and would be considered for specific new projects on a scheme by scheme basis.
- 2.10 The bulk of cash from Council Tax and Business Rates is currently collected in instalments over the first ten months of the year. Therefore, cash flow activity is higher during February and March and this will require using liquidity funds or additional short term borrowing to cover any daily shortfalls. The investment portfolio will be reduced during the last quarter of the year to fund expenditure when instalments cease and short term investments of £7.4m are available for this purpose.

Prospects for Interest Rates

- 2.11 Anticipating future interest rate increases and reductions is very important in managing the spread of maturity dates on our portfolio. The Council has retained Arlingclose as treasury management advisors and part of their service is to assist the Chief Finance Officer formulate a view on interest rates.
- 2.12 Arlingclose is currently forecasting that bank rate will remain 0.50% until late 2016 largely due to the continuing outlook for economic growth and the extension of austerity measures. Other leading market forecasters also support this view and the Council will reappraise its strategies from time to time in response to evolving economic, political and financial events.

Economic Background

- 2.13 The Bank of England's Monetary Policy Committee (MPC) through its recent forward guidance is committed to keeping policy rates low for an extended period using the Labour Force Survey unemployment rate of 7% as a threshold for when it would consider whether or not to raise interest rates, subject to certain knock-outs. Unemployment was 7.4% in October 2013, the lowest for three years due to slightly stronger growth in the economy and the flexible workforce.
- 2.14 The flow of credit to households and businesses is slowly improving but is still below pre-crisis levels. The fall in consumer price inflation (CPI) from the high of 5.2% in September 2011 to 2.1% in November 2013 will allow real wage increases to turn slowly positive and aid consumer spending.
- 2.15 Stronger growth data in 2013 (0.4% in Q1, 0.7% in Q2 and an initial estimate of 0.8% in Q3) alongside a pick-up in property prices mainly stoked by government initiatives to boost mortgage lending have led markets to price in an earlier rise in rates than warranted under forward guidance and the broader economic backdrop. However, with jobs growth picking up slowly, many employees working shorter hours than they would like and benefit cuts set to gather pace, growth is likely to only be gradual. Arlingclose forecasts the MPC will maintain its resolve to keep interest rates low until the recovery is convincing and sustainable.
- 2.16 In the US expectations for the slowing in the pace of asset purchases ('tapering') by the Federal Reserve and the end of further asset purchases will remain predominant drivers of the financial markets and the Fed has talked down potential tapering in the near term. It now looks more likely to occur in early 2014 which will be supportive of bond and equity markets in the interim.
- 2.17 The credit risk of banking failures has diminished, but not dissipated altogether. Regulatory changes are afoot in the UK, US and Europe to move away from the bank bail-outs of previous years to bank resolution regimes in which shareholders, bond holders and unsecured creditors are 'bailed in' to participate in any recovery process.
- 2.18 This has already happened with the Co-Operative Bank where bondholders have had to take a haircut and lose part of their investment as the bank is re-structured. This could have major implications for the Council and the future treasury strategy and diversification of investments between creditworthy counterparties to mitigate bail-in risk will become even more important in the light of these developments.

3. Options Analysis and Proposals

Borrowing Strategy

- 3.1 The Capital Financing Requirement (CFR) measures the underlying need to borrow for capital purposes. At the present time, it is intended that the Council shall continue to finance capital expenditure from capital receipts and it is therefore anticipated that there will be no capital borrowings required during 2014/15. Borrowing under the Prudential Regime may be an option for the future depending on the prevailing circumstances and it could be considered for specific new projects on a scheme-by-scheme basis.

- 3.2 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 Capital Financing Requirement (CFR) at 31 March 2014 is estimated to be £nil so there is no requirement to charge MRP in 2014/15.
- 3.3 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.

Annual Investment Strategy

- 3.4 The overall treasury policy objective is the prudent investment of treasury balances, having regard to security and liquidity before yield, and it is our aim to achieve the maximum return commensurate with proper levels of security and liquidity.
- 3.5 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.
- 3.6 The credit quality of counterparties and is an important aspect of managing risk and investment instruments is assessed by reference to credit ratings issued by Fitch, Moody's and Standard and Poor's. The Council's counterparty credit policy is based on creditworthiness criteria recommended by our advisors and is reviewed on an on-going basis to ensure that risk to the Council of counterparty defaults remains low.
- 3.7 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**.
- 3.8 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.
- 3.9 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.

Proposals

- 3.10 Against a background of historically low interest rates, current investments will continue to include several pooled fund investments in a range of asset classes including equities, corporate bonds and property funds. The performance of these investments is reviewed and discussed at our quarterly strategy meetings.
- 3.11 The Council understands that these types of pooled fund investments are by their nature more risky and not suitable for short term funds. Their use has been carefully evaluated and the Council has determined the appropriateness

of their use within the investment portfolio. They enable the Council to diversify the assets and the underlying risk in the investment portfolio and provide potential for enhanced returns and although there is more risk attached to these types of investments the intention is that they are held for the longer term of 5 to 7 years which should help smooth volatility in the fund's share price.

- 3.12 For its cash flow generated balances, the Council will seek to utilise its instant access and business reserve accounts, its money market fund and short dated deposits. Surpluses arising from the day-to-day activities are generally invested in a range of instruments including call accounts, UK Treasury Bills, the UK Debt Management Office or with various bank treasury facilities and money market funds available to the Council.
- 3.13 The aim is to maximise short term returns wherever possible although minimising risk to capital is paramount. Where cash flow permits, lengthening the investment period of deposits and taking advantage of enhanced cash rates will be used to achieve higher returns within the parameters set to minimise risk to capital.
- 3.14 Treasury Management activity and interest earned on investments will be closely monitored each month to ensure that the maximum overall return is achieved for the Council. Internal investment performance will be measured and compared to the average 7 day and 3 month rates for monitoring purposes. At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

The Co-Operative Bank

- 3.15 The Council banks with the Co-Operative Bank which is now undergoing a major restructuring of its business following a period of significant losses, capital shortfalls and public scandals. Part of its strategy is that it will withdraw completely from the provision of banking services to local authorities. Although the Council's current contract is not due to end until 31 March 2015 the Co-Op have confirmed that no financial penalty would be due if the Council ends its contract earlier than expected and it is willing to assist with a smooth transition to a new bank.
- 3.16 The re-tendering exercise has therefore been brought forward and a review of tender options has already begun. Two other Surrey Councils also bank with the Co-Op and the possibility of a joint proposal will be actively explored to reduce costs through economies of scale. In the meantime, the Council has started to put in place contingency banking arrangement with Barclays Bank in the event that the Co-Op ceases to be able to provide appropriate banking services as it undergoes its re-structuring programme.

Policy on Use of External Service Providers

- 3.17 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.

- 3.18 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.
- 3.19 Arlingclose were appointed in August 2011 and their current contract is due for renewal in August 2014. Preparations will begin in March/April next year in respect of re-tendering the contract for the next three years in preparation for a new contract with effect from 1 August 2014. However, following the merger last year of Arlingclose with Sterling Consultancy there are now only two main providers in the market, Arlingclose and Sector.

Scheme of Delegation and Role of the S151 Officer

- 3.20 The revised CIPFA “Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes 2011” requires that the Council’s scheme of delegation and the role of the S151 officer be set out in this report and these are duly attached as **Appendix E and F**.

4. Financial Implications

- 4.1 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.
- 4.2 The Council will incur additional costs as a result of having to change bankers. As yet these have not been determined but will include a potential increase in bank charges for day to day operations and one off costs for changes to IT interfaces etc. Members will be kept informed as the tendering exercise progresses and costs are more accurately quantified.

Other Considerations

- 4.3 The Council fully complies with best practice as set out in the CIPFA Prudential Code for Capital Finance in Local Authorities, the DCLG Guidance on Local Authorities Investments and the CIPFA “Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes 2011.” The Council’s Treasury Management Policy Statement is set out in **Appendix G**.
- 4.4 The CIPFA code of Practice requires the Chief Finance Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Members training, and the training needs of treasury staff, are kept under regular review.
- 4.5 Nothing in the Council’s current strategy is intended to preclude or inhibit capital investment in local projects deemed beneficial to the local community and which have been approved by the Council.

5. Risks and how they will be mitigated

- 5.1 Although economic and market risk are outside the control of the Council, risks are identified and mitigated within the Council’s Treasury Policy.

6. Timetable for Implementation

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

Report Author: Jo Hanger

Background papers: There are none

Appendix A

Prudential Indicators for 2014/15 to 2016/17

Extract from Budget Setting Report	2013/14	2014/15	2015/16	2016/17
Prudential Indicator	£'000	£'000	£'000	£'000
Gross Capital Expenditure	£2,146	£1,206	£523	£523
Ratio of Financing Costs to Net Revenue Stream	(2.74)	(2.58)	(2.56)	(2.55)
Net Longer-term Borrowing	£0	£0	£0	£0
In year Capital Financing Requirement	£0	£0	£0	£0
Capital Financing Requirement as at 31.3	£0	£0	£0	£0
Affordable Borrowing Limit	£12,000	£12,000	£12,000	£12,000

Treasury Management Prudential Indicators	2013/14	2014/15	2015/16	2016/17
Prudential Indicator	£'000	£'000	£'000	£'000
Authorized Limit for external debt	£12,000	£12,000	£12,000	£12,000
Operational Boundary for external debt	£10,000	£10,000	£10,000	£10,000
Gross Debt and Capital Finance Requirement	£0	£0	£0	£0
Upper limit for fixed rate exposure	100%	100%	100%	100%
Upper limit on variable rate exposure	100%	100%	100%	100%
Upper limit for principal invested for over 364 days	£15,000	£15,000	£15,000	£15,000

Maturity structure of fixed rate borrowing	Upper limit	Lower limit
Under 12 months	£12,000,000	£ Nil
12 months but within 24 months	£ Nil	£ Nil
24 months but within 5 years	£ Nil	£ Nil
5 years but within 10 years	£ Nil	£ Nil
10 years and above	£ Nil	£ Nil

Actual External Debt as at 31.3.13	£29,428 (all short term borrowings)
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Appendix A continued

The Prudential Code now includes two other indicators for treasury management for investments in respect of security and liquidity.

Security

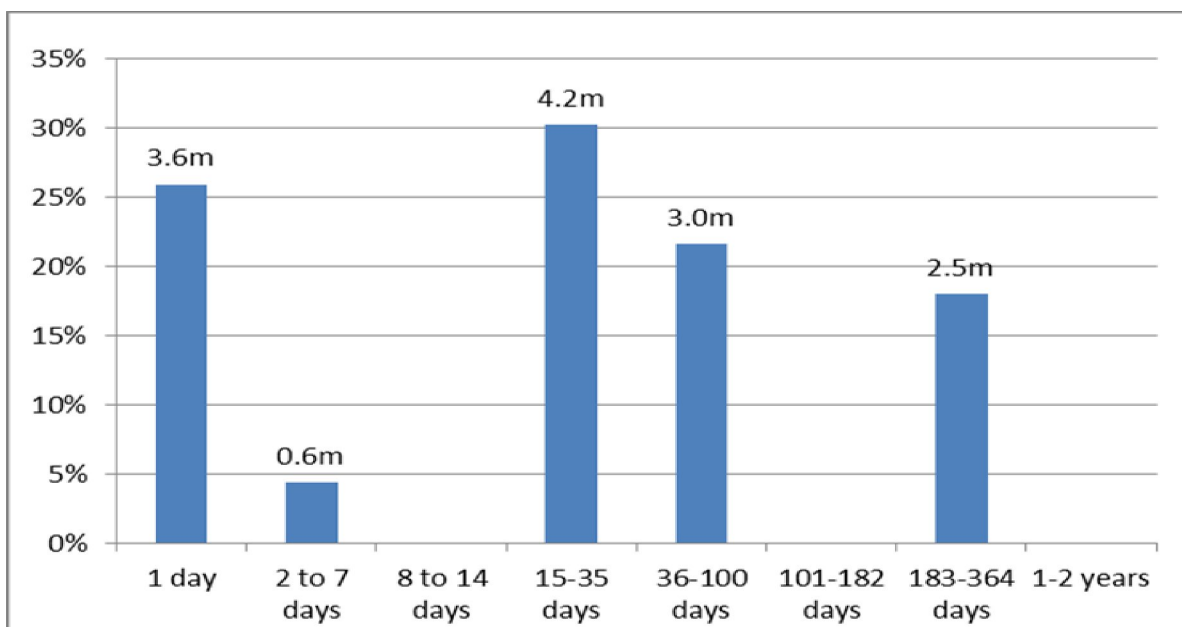
This indicator is based on the portfolio average credit rating or credit score based on Fitch Ratings and calculated as at 31 December 2013 and 73% of the Council's portfolio is invested in deposit and bonds with institutions with a long term Fitch rating of A and 27% in institutions with a long term Fitch rating of AA+, which in this case is the UK Debt Management Office (DMO), part of the UK Government.

To calculate the average credit score, each level of credit rating is allocated 1 to 7 starting with AAA as 1 and down to the lowest, A- as 7. The credit score related only to cash investments and does not reflect the pooled fund investments.

As at 31 December 2013 the weighted average rating score for the **Council's portfolio is overall A+ and calculated at 4.91** which compares favourably to the lowest level of 7.

Liquidity

This indicator illustrates the maturity profile of the Council's investments as at 31 December 2013. The total percentage of cash maturing within the 100 days following the end of December was 82% and these funds were held in call accounts, money market funds and maturing deposits.



Details of the investments that make up the figures in the graph are set out below in Appendix B. Once again, pooled investment funds are not included in the analysis, only cash investments.

Appendix B

Details of Investments Held as at 31 December 2013

Investment Type	Amount £m	Yield %	Start Date	Maturity Date
<u>Pooled Investment Funds</u> (see Appendix B for details)				
Charteris Elite Equity Income	1.0	7.62*	11 May 2012	N/A
Cazenove UK Corporate Bond	1.5	5.10*	11 May 2012	N/A
M&G Strategic Corporate Bond	1.5	2.94*	30 May 2012	N/A
M&G Global Dividend	1.0	3.52*	27 Jun 2012	N/A
Schroders Income Maximiser	1.0	6.75*	06 Jul 2012	N/A
CCLA LAMIT Property Fund	1.5	4.00	31 Mar 2013	N/A
Total Pooled Funds	7.5			
<u>Fixed rate Deposits (short term)</u>				
Bank of Scotland	1.0	0.75	02 Aug 2013	03 Feb 2014
Bank of Scotland	1.0	0.75	15 Aug 2013	17 Feb 2014
Barclay Bank	1.0	0.46	03 Dec 2013	03 Mar 2014
Bank of Scotland	1.0	0.75	04 Oct 2013	04 Apr 2014
Nationwide Building Society	1.0	0.70	01 Aug 2013	01 Aug 2014
Barclays Bank	1.5	0.85	04 Oct 2013	03 Oct 2014
Total Short term Fixed Deposits	6.5			
Total - Core Investment Portfolio	14.0	2.01		Average
<u>Cash Flow Investments</u>				
Nat West Call Account	1.0	0.48		Instant Access
Goldman Sachs MMF	1.3	0.40		Instant Access
Santander Call Account	1.3	0.40		Instant Access
UK Debt Management Office (DMO)	0.6	0.25	23 Dec 2013	02 Jan 2014
UK Debt Management Office (DMO)	3.2	0.25	16 Dec 2013	20 Jan 2014
Total Cash Flow Investments	7.4			
Total Investments at 31.12.13	21.4	1.43		Overall Average

*Estimated Yield is the yield quoted by the fund manager as published in a recent valuation/fact sheet. This is the running yield or yield to maturity on the existing assets and may vary from month to month. Past performance is no guarantee that similar levels of return will be achieved in the future and the average yield expected from these investments is 4%.

Appendix C

Pooled Funds as at 31 December 2013

Fund	Date of Purchase	Investment	Dividends Received	Capital Gain	Total Return	Total Return
		£	£	£	£	%
Charteris Elite Income Fund	11/05/12	1,000,000	22,317	22,530	44,847	4.48%
Cazenove UK Corporate Bond Fund	11/05/12	1,500,000	62,273	32,535	94,808	6.32%
M&G Strategic Bond Fund	30/05/12	1,500,000	29,124	71,013	100,137	6.68%
M&G Global Dividend Fund	27/06/12	1,000,000	30,719	266,110	296,829	29.68%
Schroders Income Mazimiser Fund	06/07/12	1,000,000	45,938	300,633	346,571	34.66%
CCLA LAMIT Property Fund	31/03/13	1,500,000	41,328	17,518	58,846	3.92%
Value 31/12/13		7,500,000	231,699	710,339	942,038	12.56%

Pooled Fund Performance to 31 December 2013

The Capital appreciation of these investments as at 31/12/13 equates to 12.56%. 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 other half yearly. The income yield as at 31/12/13 is 3.09% and the estimated annualised income yield on these funds is expected to exceed the benchmark return of 4%.

Appendix D

Specified Investments

All such investments will be sterling denominated, with maturities of up to a maximum of one year. These investments must also meet the minimum high rating criteria and may be used in house or, if applicable, by fund managers. The maximum investment terms and amounts permitted per counterparty set out in the table below:

Investment Type/Counterparty	Minimum Credit Criteria (see below*)	Maximum Term	Maximum Sum
Deposits with UK Debt Management Office (DMO)	Government backed	No limit	No limit
Deposits with other local authorities, including Police Authority etc.	High security but not usually credit rated	1 year	£2m
Deposits and Certificates of Deposit with UK and overseas banks and UK building societies.	Long Term A- (see below*), and in consultation with treasury advisors	1 year	£2m
UK Government Gilts	Government backed	No limit	No limit
UK Treasury Bills	Government backed	No limit	No limit
Deposits with Money Market Funds ** see below	AAAm	1 year	£2m
Investments with Registered Providers including Housing Associations	Long Term A- (see below*), and in consultation with treasury advisors	1 year	£2m
Forward deals and fixed term deposits with variable interest rates and variable maturities, including callable deposits in UK banks and building societies.	Long Term A- (see below*), and in consultation with treasury advisors	1 year	£1m

***Counterparty credit quality is assessed and monitored with reference to:**

- Credit Ratings (the Council's minimum long term counterparty rating of A-, or equivalent, across Fitch, Standard and Poor's and Moody's)
- Credit default swaps (CDS)
- GDP of the country in which the institution operates
- Country's net debt as a percentage of GDP
- Sovereign support mechanisms
- Potential support from a well resourced parent institution
- Share price

** Money Market Funds – EU regulatory proposals may stop these funds being credit rated in future. Should this happen during 2014/15, these investments would have to move to the non –specified investment category.

Appendix D continued

Non-Specified Investments

All such investments will be sterling denominated and a maximum of 100% will be held in aggregate in non-specified investments with a maturity exceeding one year. These investments must also meet the minimum high rating criteria and may be used in house or, if applicable, by fund managers. The maximum investment terms and amounts permitted per counterparty set out in the table below:

Investment Type/Counterparty	Minimum Credit Criteria (see below*)	Maximum Maturity	Maximum Amount
Deposits with other local authorities, including Police etc.	High security but not usually credit rated	3 years	£2m
UK Government Gilts	Government backed	No limit	No limit
Deposits and Certificates of Deposit with UK and overseas banks and UK building societies.	Long Term A- (see below*), and in consultation with treasury advisors	2 year	£2m
Bonds issued by multilateral development banks including European Investment Bank, World Bank etc.	AA and Government backed	10 years	£5m
Forward deals and Fixed term deposits with variable interest rates and variable maturities, including callable deposits.	Long Term A- (see below*), and in consultation with treasury advisors	2 year	£1m
Pooled Funds and Collective Investment Schemes, including property, equity and bond funds, meeting the criteria in SI 2004 No. 534 and subsequent amendments.	Not Credit Rated As recommended by treasury advisors (see below)	10 Years	£3m
Investments including covered bonds with Registered Providers/Housing Associations	Long Term A- (see below*), and in consultation with treasury advisors	5 years	£1m
Corporate bonds including covered bonds	Long Term A- (see below*), and in consultation with treasury advisors	5 years	£1m

***Counterparty credit quality is assessed and monitored with reference to:**

- Credit Ratings (the Council's minimum long term counterparty rating of A- ,or equivalent, across Fitch, Standard and Poor's and Moody's)
- Credit default swaps (CDS)
- GDP of the country in which the institution operates
- Country's net debt as a percentage of GDP
- Sovereign support mechanisms
- Potential support from a well resourced parent institution
- Share price

Appendix E

Treasury Management Scheme of Delegation

Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy

Cabinet

- Approval of or amendment to the Council's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment

Overview and Scrutiny Committee

- Reviewing the treasury management policy and procedures and making recommendations to Cabinet

Appendix F

The Treasury Management Role of the S151 Officer

The S151 (responsible) Officer

- Recommending clauses, treasury management policy and practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variances
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of the treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit and liaising with external audit
- Recommending the appointment of external service providers

Appendix G

Treasury Management Policy Statement**1. Introduction and Background**

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

2. Policies and Objectives of Treasury Management Activities

- 2.1 The Council defines its treasury management activities as:

“The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

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

Cabinet**28 January 2014**

Title	Pay Policy Statement for 2014/15		
Purpose	Recommendation required		
Report of	Chief Executive	Confidential	No
Cabinet Member	Councillor Robert Watts	Key Decision	Yes
Report Author	Jan Hunt, Head of Human Resources		
Summary and Key Issues	<ul style="list-style-type: none"> • The Localism Act requires that local authorities publish an annual pay policy statement to increase transparency regarding the use of public funds to pay council staff • The Pay Policy Statement must be approved by full Council • The Pay Policy Statement must be published by 31 March each year • All pay policy decisions in the year must be in accordance with the published pay policy statement • The list of posts included as Chief Officers under the pay policy statement is wider than the usual use of the term at Spelthorne where it would normally mean Management Team posts • New guidance issued by the Secretary of State • The approach to the lower paid in relation to comparisons to the UK Living Wage 		
Financial Implications	There are no direct financial implications.		
Corporate Priority	This item is not in the list of Corporate Priorities and arises from the Council's responsibility as an employer.		
Recommendations	The Cabinet is asked to recommend to the Council that the Pay Policy Statement for 2014/15 is approved.		

1. Background

- 1.1 There has been increasing debate about public sector pay issues in recent years, and a growing expectation that information will be published.
- 1.2 The Annual Statement of Accounts includes some information on officers' remuneration. Detailed information relating to specified senior posts includes taxable salary, employer's pension contribution, benefits in kind (car lease) and compensation for loss of office where the employment has ended. There is also information on the numbers of staff employed with remuneration above £50,000 by pay bands.
- 1.3 In June 2010 the Prime Minister and Chancellor asked Will Hutton to undertake an independent review of Fair Pay in the public sector drawing on his experience as an economist, commentator, academic and former head of the Work Foundation, and taking account of evidence from a wide range of contributors. His final report was published in March 2011 and made several recommendations for promoting pay fairness in the public sector.
- 1.4 The Localism Act 2011 brought together these strands of increasing accountability, transparency and fairness, with the requirement that a pay policy statement be prepared for each financial year and be approved by full Council. The first annual statements were published by 31 March 2012.
- 1.5 The Department for Communities and Local Government produced guidance on the pay policy requirements, setting out the key policy principles that underpin the pay accountability provisions. Authorities must have regard to the guidance in performing their functions and approving pay policy statements.
- 1.6 Additional guidance was issued by the Secretary of State for Communities and Local Government in February 2013, after Spelthorne had agreed its pay policy statement for 2013/14.

2. Key issues to be included in the Pay Policy Statement

- 2.1 The Pay Policy Statement must set out the Council's policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and its lowest paid employees.
- 2.2 The statement must set out the Council's 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
- 2.4 The term 'Chief Officers' in a local authority context is defined as
 - The Head of Paid Service (i.e. the Chief Executive)
 - The Monitoring Officer
 - A statutory Chief Officer and non-statutory Chief Officer under section 2 of the Local Government and Housing Act 1989
 - A deputy chief officer mentioned in section 2 of that Act

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.

2.5 The pay policy statement must include the Council's policies relating to:

- The level and elements of remuneration for each Chief Officer
- Remuneration of Chief Officers on recruitment
- Increases and additions to remuneration for each Chief Officer
- The use of performance related pay for Chief Officers
- The use of bonuses for Chief Officers
- The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the Council
- The publication of and access to information relating to remuneration of Chief Officers

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.

2.6 The pay policy statement may also set out the Council's policies for the financial year relating to other terms and conditions applying to the Council's Chief Officers.

2.7 The statement must be approved by a resolution of Council before it comes into force and 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.

2.8 Spelthorne's Pay Policy Statement covers the elements specified in the Localism Act and the initial guidance.

3. New guidance

3.1 The Secretary of State issued further supplementary guidance in late February 2013, after the Pay Policy Statement for 2013/14 had been drafted. These issues must now be considered in the preparation of the Statement for 2014/15. The issues covered in the supplementary guidance and relevant for Spelthorne are:

1. Accessibility on councils' websites

2. The opportunity for Full Council to vote on salary packages of £100,000 or more
 3. The opportunity for Full Council to vote on severance payments over £100,000.
- 3.2 The Secretary of State also noted that some authorities had not followed specific aspects of the guidance and that if appropriate levels of openness and accountability in the setting of policies on pay and reward are not demonstrated then he may take steps to require authorities to adopt particular policies.
- 3.3 Accessibility on the council's website - Spelthorne's Pay Policy Statement is accessible on the website via the publication scheme and freedom of information pages as well as via the search facility.
- 3.4 The opportunity for Full Council to vote on salary packages of £100,000 or more: Spelthorne has only one post with a salary package at that level – the Chief Executive. The appointment of a new Chief Executive would be made in accordance with the Council's Constitution and statutory provisions. There would be a report to Cabinet/Council 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.
- 3.5 The opportunity for Full Council to vote on severance payments over £100,000: Severance payments are made in accordance with the Council's Discretionary Compensation Policy, include payments required by law and are unlikely to exceed £100,000. The Compensation Policy includes terminations on the grounds of redundancy and efficiency, with all payments agreed by the Chief Executive or Chief Finance Officer in consultation with the Leader of the Council. Spelthorne's Policy is attached as an appendix to the Pay Policy Statement.
- 3.6 Redundancy payments are made in circumstances where the statutory definition of redundancy applies and the individual's post will be deleted, and it is a compensation for the loss of employment and redundancy payments cannot be withheld. Redundancy payments are calculated with reference to statutory provisions and the Spelthorne multiplier set out in the Spelthorne Policy. The actual payments made to individuals depend upon their personal circumstances of age, length of continuous service and actual pay, which are not discretionary matters. As such it is not appropriate for individual redundancy payments to be voted upon.
- 3.7 Severance payments made where an individual leaves their job on the grounds of efficiency of the service are also covered by the Discretionary Compensation Policy. The policy does allow for some discretion on the amount of payment to apply, which will usually be no more than would apply in the case of redundancy, and therefore unlikely to be above £100,000. Cases are infrequent and will have their own specific relevant circumstances, which may require sensitive consultation with an individual before they are agreed.

3.8 Severance payments are reported in the Statement of Accounts by banding. For senior posts/staff they are also listed alongside the salary and other remuneration in the year of termination. There have been no severance payments above £100,000.

3.9 Paragraphs have been added to the Pay Policy Statement to set out the arrangements above for salaries and severance payments above £100,000.

4. Salaries for the lower paid

4.1 The Pay Policy Statement includes Spelthorne's definition of the lowest paid employees and information on their remuneration, including comparisons with the National Minimum Wage and the UK Living Wage.

4.2 There has been increasing debate nationally about wage rates for the lowest paid jobs in the economy with growing interest in the Living Wage Foundation's Living Wage rates (the London Living Wage and the UK Living Wage). The Local Government Trade Unions' pay claim for 2014/15 includes measures to raise pay rates for the lowest paid Local Government workers to the Living Wage level.

4.3 At Spelthorne the lowest grade starts at £14,062 per annum, an hourly rate of £7.49 per hour compared to the National Minimum Wage of £6.31 and the UK Living Wage of £7.65 per hour. The lowest grade extends from spine point 5 to spine point 11 of the Spelthorne pay scales [points 1-4 have been deleted from the pay spine over time as part of the national pay award], with the second point of the grade being above the current UK Living Wage rate, point 6 is £14,537 per annum an hourly rate of £7.74. The top of the lowest grade is £17,408, an hourly rate of £9.27.

4.4 Posts on the lowest grade include Refuse Collection Operatives, Street Sweepers, Spelride Drivers and Meals on Wheels Drivers. In practice, due to the need to recruit and retain staff, appointments are not often made at the bottom points of the scale and there are currently no permanent staff on the bottom pay point.

5. Pay Policy Statement for 2014/5

5.1 The draft Pay Policy Statement for the financial year 2014/5 is attached in the **Appendix**. Once published the Council must then comply with the pay policy statements when making any determinations on pay.

6. Options analysis and proposal

6.1 No options as the Pay Policy Statement for 2014/15 must be published by 31 March 2014.

6.2 It is proposed that the Council resolves to approve the Pay Policy Statement for 2014/15.

7. Financial implications

7.1 No direct financial implications.

8. Other considerations

- 8.1 Spelthorne is required to approve and publish a pay policy statement. The Council is an individual employer in its own right and has the 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.
- 8.2 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.
- 8.3 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.

9. Risks and how they will be mitigated

- 9.1 No risks identified.

10. Timetable for implementation

- 10.1 The Pay Policy Statement for the 2014/15 financial year must be agreed by 31 March 2014 and will be published on the website. All pay decisions in the year will be in accordance with the published pay policy statement.

Background papers:

The Localism Act 2011 – chapter 8 on pay accountability.

DCLG Guidance - Openness and accountability in local pay: Guidance under section 40 of the Localism Act published February 2012.

DCLG Supplementary Guidance - Openness and Accountability in Local Pay published in February 2013

Appendices:

Pay Policy Statement 2014-15

Appendix to Pay Policy Statement – Discretionary Compensation Policy

Spelthorne Borough Council

Pay Policy Statement 2014/15

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 2014/15. 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

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

This is the Assistant Chief Executive who acts as the chief finance officer

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

These are 2 Assistant Chief Executive posts

- 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 Assistant Chief Executive (chief finance officer)

Head of Audit Services (this is a part time post shared with Elmbridge Borough Council)

Head of Asset Management (this is a part time post)

Head of Asset Management and Asset Projects Lead

Head of Customer Services and Project Management Co-ordinator

Head of Human Resources (this post is shared with Runnymede Borough Council)

Head of ICT (this post is shared with Runnymede Borough Council)

Principal Accountant, Treasury Management & Investment (deputy chief finance officer)

Principal Accountant

Economic Development Officer

Reporting to the other 2 Assistant Chief Executive posts

Head of Housing and Independent Living

Head of Streetscene

Head of Sustainability and Leisure

Community Development Officer

Emergency Planning & Resilience Coordinator

Family Support Programme Team Manager (this post is shared with Elmbridge Borough Council and Epsom & Ewell Borough Council)

Head of Planning and Housing Strategy and Staines upon Thames Regeneration Programme Manager

Senior Environmental Health Manager

Building Control Manager

Community Safety Manager

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 4 Management Team posts of Chief Executive and Assistant 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 the 3 Assistant Chief Executives.

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. There are currently 75 posts, 19.73% of the Council's establishment, at this level. The salary range for Scale 1 is £14,062 - £17,408. The hourly rate of the bottom point of the scale is £7.49 per hour compared to the National Minimum

Wage of £6.31 per hour (from October 2013) and the UK Living Wage of £7.65 per hour.

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 Pay framework

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 Assistant 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 approved 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 and council policy framework.

Pay Awards agreed by the National Joint Council for Local Government Services are implemented as they are agreed and 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 postholder. Incremental progression is subject to satisfactory performance: performance is reviewed through annual Appraisal reviews and incremental progression can be withheld if performance is not at a satisfactory level. Accelerated increments can be awarded in exceptional circumstances within the grade but not beyond the top of the grade.

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 Assistant 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. 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. There are currently no recruitment or retention allowances in payment.

Essential user and casual user car allowances are payable where staff are required to use their own vehicles for council business. Car leases or a cash alternative allowance are applied to Management Team and 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).

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, backdated to the effective date of 1 April.

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 from 1 April 2014 range from 5.5% for

pensionable pay up to £13,500 to 12.5% for pensionable pay above £150,000 (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 £478,000 by the council and which will be increasing each year for the next three years). 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.

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. Spelthorne complies with the provisions of the Redundancy Payments (Continuity of Employment in Local Government etc) (Modifications) Orders in this matter.

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 current Pension Policy was agreed by the Executive on 27 March 2008 and applies to all staff including Chief Officers. New Local Government Pension Scheme Regulations come into effect from 1 April 2014 and a report will come to the Cabinet and Council in Spring 2014 to confirm Spelthorne's Pension Policy in relation to the new Regulations.

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

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 postholders are paid pro-rata to their contractual hours.

Post	Bottom of salary range	Top of salary range
Chief Executive	£98,511	£111,069
Head of Corporate Governance (monitoring officer)	£58,861	£66,928
Assistant Chief Executives	£70,678	£77,566
Communications Manager	£33,550	£40,558
Principal Solicitor and deputy monitoring officer	£47,396	£50,628
Principal Committee Manager	£33,550	£36,157
Electoral Services Manager	£29,694	£40,558
Heads of service	£50,993	£66,928
Principal Accountant (Treasury Management and Investment)	£47,396	£50,628
Principal Accountant	£47,396	£50,628
Community Safety Manager / Economic Development Officer	£37,175	£45,832
Family Support Programme Team Manager	£60,000	£60,000
Community Development Officer	£29,694	£36,157
Emergency Planning & Resilience Coordinator	£29,694	£40,558
Senior Environmental Health Manager	£47,396	£50,628
Building Control Manager	£42,689	£45,832

4.2 Other pay elements

Lease cars are provided to the Chief Executive, Assistant Chief Executives and heads of service who are employed on JNC conditions of service for

Chief Executives / 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 £6,064 for the Chief Executive, £4,670 for the Assistant Chief Executives and £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, Assistant 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 of 13p applies 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 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, backdated to the effective date of 1 April.

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 Assistant 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. 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 was agreed by the Executive on 6 February 2007 and 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 Discretionary Compensation Policy is attached as an Appendix to this Pay Policy Statement.

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 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 £14,062 to £17,408 per annum. The pay rate at the bottom of scale 1 is £7.49 per hour compared to the national minimum wage of £6.31 per hour (National Minimum Wage rate from 1 October 2013) and the UK Living Wage of £7.65 per hour.

Young people employed as Apprentices for the temporary period of their apprenticeship training are paid from £12,000 per annum, equivalent to £6.39 per hour compared to the National Apprenticeship rate of £2.68 per hour for under 19 year olds, the National Minimum Wage for under 18 year olds of

£3.72 per hour, £5.03 per hour for 18 – 20 year olds and the 21 years and over adult National Minimum Wage of £6.31 per hour.

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 £14,062, the top of the Chief Executive's salary scale is £111,069 which is a pay multiple of 1:7.89.

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 1:5.42.

The ratio between the mean average earnings across the organisation and the taxable pay of the highest paid employee (the Chief Executive) is 1:4.93.

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 Cabinet/Council 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 are unlikely to exceed £100,000. 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. There have been no severance payments over £100,000 reported in the Statement of Accounts.

9. The publication of and access to information relating to remuneration of chief officers

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.

January 2014

Appendix to Pay Policy Statement

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)	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.

No added years	<p>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.</p> <p>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</p>
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Discretion available under 2006 regulations	Spelthorne Policy – Efficiency of the service
<p>Lump sum payment up to 104 week's pay</p> <p>No added years</p>	<p>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).</p> <p>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.</p> <p>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</p>

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.

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

Note January 2014 – New Local Government Pension Regulations will come into effect on 1 April 2014 and Spelthorne will review its Pension Policy in respect of the new regulations later in 2014. Arrangements for augmentation of service and converting lump sums to pension must comply with the Pension Scheme Regulations in operation at the time.