

BOROUGH OF BARROW-IN-FURNESS

EXECUTIVE COMMITTEE

Meeting, Wednesday, 9th March, 2016
at 2.00 p.m. (Committee Room No. 4)

NOTE: Group Meetings at 1.15 p.m.

A G E N D A

PART ONE

1. To note any items which the Chairman considers to be of an urgent nature.
2. To receive notice from Members who may wish to move any delegated matter non-delegated and which will be decided by a majority of Members present and voting at the meeting.
3. Admission of Public and Press

To consider whether the public and press should be excluded from the meeting during consideration of any of the items on the agenda.

4. Declarations of Interest

To receive declarations by Members and/or co-optees of interests in respect of items on this Agenda.

Members are reminded that, in accordance with the revised Code of Conduct, they are required to declare any disclosable pecuniary interests or other registrable interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Members may however, also decide, in the interests of clarity and transparency, to declare at this point in the meeting, any such disclosable pecuniary interests which they have already declared in the Register, as well as any other registrable or other interests.

5. To confirm the Minutes of the meeting held on 20th January, 2016 (Pages 1-18).
6. Apologies for Absence/Attendance of Substitute Members.

FOR DECISION

- (R) 7. Council Finances Quarter 3 2015-2016 (Pages 19-23).
- (R) 8. Anti-Fraud and Corruption Strategy (Pages 24-25).

- (R) 9. Contract Standing Orders (Pages 26-27).
- (R) 10. Homeworking Policy Statement (Pages 28-31).
- (R) 11. Employer Discretions Policy (Pages 32-33).
- (R) 12. Establishment Changes (Pages 34-35).
- (R) 13. Election Volunteers (Pages 36-37).
- (R) 14. Medium Term Financial Plan 2016-2020 (Pages 38-42).
- (R) 15. Treasury Management Strategy Statement (Pages 43-44).
- (R) 16. Parental Leave Policy (Pages 45-46).
- (R) 17. Pay Policy (Pages 47-48).
- (D) 18. England Coastal Path – Walney Island (Pages 49-50).
- (D) 19. Performance Management (Pages 51-54).
- (D) 20. Extension to Period of Exclusivity for 1-5 Lawson Street and 102 Abbey Road (Pages 55-56).
- (R) 21. Voting in the Barrow Business Improvement District Ballot (Pages 58-58).

**NOTE (D) - Delegated
(R) - For Referral to Council**

Membership of Committee
Councillors

Councillors Pidduck (Chairman)
Sweeney (Vice-Chairman)
Barlow
Biggins
Brook
Cassells
Hamilton
R. McClure
Maddox
Pemberton
Roberts
Williams

For queries regarding this agenda, please contact:

Jon Huck
Democratic Services Manager
Tel: 01229 876312
Email: jwhuck@barrowbc.gov.uk

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EXECUTIVE COMMITTEE

Meeting: Wednesday 20th January, 2016
at 2.00 p.m.

PRESENT:- Councillors Pidduck (Chairman), Sweeney (Vice-Chairman), Barlow, Biggins, Brook, Cassells, Hamilton, McEwan, Pemberton and Roberts.

Also Present:- Phil Huck (Executive Director), Sue Roberts (Director of Resources), Colin Garnett (Items 1-7 only) and Jon Huck (Democratic Services Manager and Monitoring Officer).

94 – Minutes

The Minutes of the meeting held on 2nd December, 2015 were agreed as a correct record.

95 – Apologies for Absence/Attendance of Substitute Members

Apologies for absence were received from Councillors Maddox and Williams. Councillor McEwan substituted for Councillor Maddox for this meeting only.

96 – Housing Management Forum: Recommendations

The recommendations of the Housing Management Forum held on 14th January, 2016 were submitted for consideration.

N.B. The Minutes are reproduced as **Appendix 1** to the Minutes of this meeting.

RESOLVED:- That the recommendations of the Housing Management Forum be agreed as follows:-

Housing Maintenance Investment Programme 2016/17

1. To note progress on achieving and maintaining the Decent Homes Standard;
2. To agree the annual investment profile shown at Appendix C of the report;
3. To agree continued delivery through Cumbria Housing Partners;
4. To agree to accelerate the Roosegate re-roofing and rendering scheme;
5. To note the intention to deliver external works during the Spring, Summer and Autumn months whenever possible; and
6. To agree that a letter, on behalf of the Housing Management Forum, be sent, thanking all Members of staff involved, for their hard work in advancing the planned investment works ahead of schedule.

'New Lives Project' – Supported Housing for Female Victims of Domestic Abuse in Barrow

1. To note the report; and
2. To agree that the Housing Service identify two units of accommodation to be used for supported housing which may over a period of time rotate in line with the needs of the service.

97 – Council Owned Land for Housing Development

The Executive Director informed the Committee that the Council was required by the National Planning Policy Framework (NPPF) to “Identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there had been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and ensure choice and competition in the market for land.”

The Council had last calculated and published its five year supply and housing target in its Housing Land Statement (HLS) in June 2015. The supply had been calculated against the draft interim housing requirement identified in the HLS. The document informed the Preferred Options Draft of the Local Plan which had been published in June 2015.

The HLS had identified a supply of sites which could provide 916 dwellings over the next five years. That equated to a 7.2 year supply of deliverable housing sites (916/126 requirement excluding 20% buffer) or a 6.1 year supply (916 supply/151 requirement including 20%).

The assessment had been based on proportional, available evidence such as past build rates, completions and permissions and local judgement, and was reviewed annually at the end of each monitoring year (i.e. 31st March 2016).

Demonstrating a five year supply of housing land was important for the Council as the National Planning Policy Framework (NPPF) states that:

“Relevant policies for the supply of housing should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites.”

In order for full weight to be given to the Council's saved planning policies contained within the Barrow-in-Furness Borough Local Plan Review 1996-2006 (2001), the Barrow-in-Furness Borough Council Local Plan Review 1996-2006 Housing Chapter Alteration (2006), and the Barrow Port Area Action Plan (2010) a five year supply was required plus a buffer of 20% as historically the Council had under delivered against targets set. If the Council could not demonstrate an

adequate supply of housing sites, the Council's policies could be classed as being out of date and have very little control over the location of future development.

The majority of dwellings would be built on sites which already benefited from extant planning permission, however the supply also included a number of sites close to achieving permission and a number of council owned sites. Committee had previously resolved (Minute 68 Executive Committee - 14th November 2012) to release for development a number of sites where development had not previously been approved.

Timescales for each site were detailed below:-

Land North of Duchy Court (SHL071):

Start marketing immediately (with Outline Planning Permission);
Allow approx. 3 months for expressions of interest from Developers and a further month or so to complete, aim to complete April / May 2016;
With agreement a Developer would then have 6 months to apply for full Planning Permission, and could potentially start on site early 2017. The site would deliver approximately 30 dwellings by the end of 2019/20.

Solway Drive (Either side of West Point House, north and south plots SHL100a and SHL 101):

Start marketing (subject to obtaining Outline Planning Permission) once land north of Duchy Court is close to completion (May 2016);
That should allow for completion autumn / late 2016;
Assuming similar timescales and subject to obtaining full Planning Permission, that could provide a start on site, by agreement, in the second or third quarter of 2017. The combined sites would deliver approximately 40 dwellings by the end of 2019/20.

Flass Lane (adjacent to allotments SHL070a):

Marketing process to commence early 2017 (subject to obtaining Outline Planning Permission);
Assuming similar timescales for completion, subject to obtaining full Planning Permission and a start on site, by agreement, works could begin in the first quarter of 2018. The site would deliver approximately 23 dwellings by the end of 2019/20.

By supporting the recommendation Members would be agreeing that these sites could be released for residential development subject to planning consent being obtained (see Minute No. 68, Executive Committee on 14th November 2012).

RESOLVED:- To approve the land disposal timescales, as listed within the report, as part of the Councils five year supply of housing land.

REFERRED ITEM

THE FOLLOWING MATTERS ARE REFERRED TO COUNCIL FOR DECISION

98 – Housing Management Forum: Recommendations

Consideration was given to the recommendations of the Housing Management Forum held on 14th January, 2016.

N.B. The Minutes were reproduced as **Appendix 1** to the Minutes of the meeting.

Housing Revenue Account 2016/17

RECOMMENDED:- To recommend the Council:-

1. To note information at point (1) of the report;
2. To note the information on balances and Voluntary Repayment Provision at (2) of the report;
3. To note the information in point (3) of the report and agree 2016/17 budgets as shown in Appendix A of the report;
4. To agree the Dwelling Rent decrease of 1% at point (4) of the report and note the information shown in Appendix B of the report;
5. To agree the Garage increase of 2% at point (5) of the report;
6. To agree the no rent change to Adelphi Court at point (6) of the report; and
7. To note the information at point (7) of the report.

99 – Budget Proposals 2016-2017

The Committee considered a detailed report from the Director of Resources regarding the budget proposals for 2016-2017. The General Fund proposed revenue budget had been based on the continuation of the assumptions used in setting the 2015-2016 budget, updated where appropriate. The report also includes the proposed Capital Programme for 2015-2016 to 2019-2020 and the estimated position on reserves.

RECOMMENDED:-

1. To instruct the Executive Director to write to the LGA to suggest that the worst hit Councils meet the LGA to discuss the Revenue Support Grant;

To recommend the Council:-

2. To set the 2016-2017 General Fund revenue budget as £10,212,510 including £95,950 for parish precepts;

3. To agree that the Borough Council Tax was not increased for 2016-2017;
4. To approve the Council Tax base for 2016-2017 at 18,555.44;
5. To approve the allowance for budget variations of £30,000 funded from reserves;
6. To approve an increase in the staff car parking subsidy by £120 per permit per annum, for direct employees;
7. To approve the income increases referred to in paragraph 7.4;
8. To approve the recruitment of two further apprentices for a fixed period of three years from September 2016;
9. To approve the use of £334,570 of the Medium Term Financial Plan support reserve to balance the 2016-2017 budget;
10. To approve the movements in reserves set out in paragraphs 8.2 to 8.9; £1,122,650 being used and £151,600 being added; and
11. To approve the Capital Programme for 2015-2016 to 2019-2020 as referred to in paragraph 9.

100 – Parental Leave Policy

The Committee was informed that the Council's Parental Leave Policy had been implemented in 2001 and enhanced the basic rights of employees.

There were three ways in which parental leave could currently be taken under the policy:

1. As a single block of 18 weeks;
2. As a number of shorter periods of a minimum of a half day;
3. In patterns which provide a part time or reduced hours working arrangement for a period of time equivalent to taking 18 weeks leave as a single block.

The Council's recently introduced Flexible Working Policy now provided a route for employees to request a reduced working hour's arrangement on a temporary or permanent basis. That would remove the need for the third option under the parental leave scheme whilst still giving flexibility to take parental leave on an ad hoc or longer term basis.

A minor amendment to the notification required from employees was also proposed from the current 7 days' notice to 14 days. That was to ensure that the HR Department had sufficient time to process the request and ensure it meets with current policy, prior to the leave taking place.

Consultation with the Union would take place prior to the Council meeting at which the recommendation would be considered.

The Committee considered the amended Parental Leave Policy.

RECOMMENDED:- To recommend the Council to approve the amendments to the Council's Parental Leave Policy.

101 – Licensing Regulatory Committee - Unmet Demand Survey. Hackney Carriage Vehicle Licences – Quantity Control Policy

The Executive Director reminded the Committee that historically, the number of Hackney Carriage Vehicle Licences had been capped at 120 by the Licensing Authority but there were 142 in existence within the Borough. Members last considered the issue in 2012 and it had been resolved to continue to impose a numerical limit or cap on the number of Hackney Carriage Vehicle Licences.

In March 2015, Members had approved that Vector Transport Consultancy should undertake a survey of the Hackney Carriage Trade within the Borough to assess if there was any unmet demand relating to Hackney Carriage Vehicles and if the cap or quantity control should be removed.

The present legal provision on quantity restrictions for taxis (Hackney Carriages) outside London was set out in Section 16 of the Transport Act 1985. That provided that the grant of a taxi licence may be refused, for the purpose of limiting the number of licensed taxis 'if, but only if, the Licensing Authority was satisfied that there was no significant demand for the services of hackney carriages (within the area to which the licence would apply) which was unmet'.

The survey had been intended to fulfil the requirements of Section 16 of the 1985 Transport Act and to address the questions raised in the Department for Transport (DfT) 2010 Best Practice Guidance.

The primary purpose of the study was to determine whether there was evidence of significant unmet demand. It concluded that there was no significant unmet demand, and there would be no need to increase the number of Hackney Carriage Vehicle Licences.

RECOMMENDED:- To recommend the Council:-

1. To accept the conclusion of the report, that there was no significant unmet demand; and
2. To approve a Quality Control Policy that imposed a maximum limit of 120 Hackney Carriage Vehicle Licences.

102 – Drug and Alcohol Recovery Capital Grant – Accountable Body Status

The Executive Director informed the Committee that in December 2015 the Council had been requested to act as the Accountable Body for a bid submitted

by The Well, a not-for-profit Community Interest Company for Public Health England Drug and Alcohol Recovery Capital Grant. The bid was considered by the Committee.

The Well provided support for those suffering from drug and/or alcohol dependency. They operated in Barrow in partnership with CADAS providing their clients with supported and structured living space and access to recovery programmes and employment. Many of their clients were ex-offenders.

In total The Well were seeking £485,000 divided into two linked projects. Firstly the creation of a Recovery Hub in 1-5 Lawson Street following the Committee's agreement (Minute No. 45 9/9/15) to offer a six month period of exclusivity on the properties. Secondly, purchase and conversion of a 4-6 bed property in Barrow to provide a step down/move on facility for their clients who were past their early stages of recovery.

The Well had requested that the Council act as Accountable Body for their bid to a relatively short deadline. Following agreement of the policy requiring Council approval for agreement to become Accountable Body for projects in excess of £50,000 (Min 65 21.10.15). The Council Leader had been consulted and it had been agreed that the bid should be signed as Accountable Body with retrospective agreement being sought. Should Members not wish to become the Accountable Body, the bid would be withdrawn.

The bid was still under consideration by Public Health England.

RECOMMENDED:- To recommend the Council to agree that the Council acted as an Accountable Body for the application by The Well for Public Health England Drug and Alcohol Recovery Capital Grant.

The meeting closed at 3.45 p.m.

HOUSING MANAGEMENT FORUM

Meeting: Thursday 14th January, 2016
at 2.00 p.m.

PRESENT:- Councillors Hamilton (Chairman), Barlow and McEwan.

Tenant Representatives:- Mrs T. Metcalfe and Mrs K. Warne.

Officers Present:- Jane Coles (Business Support Manager) and Keely Fisher (Democratic Services Officer).

31 – Councillor Bleasdale

Members of the Housing Management Forum stood and observed a minutes silence as a mark of respect following the death of Councillor Bleasdale who was a valued Member on the Forum.

32 – Minutes

The Minutes of the meeting held on 26th November, 2015 were taken as read and confirmed.

33 – Apologies for Absence/Changes in Membership

Apologies for absence were received from Councillors Brook, Heath and Thurlow and Tenant Representatives, Lisa Webb and Mandy Anderson.

Theresa Metcalfe had replaced Lisa Webb for this meeting only.

34 – Housing Maintenance Investment Programme 2016/17

The Assistant Director – Housing reported that the proposed profile and priorities for the expenditure profile for 2016/17 were based on the agreed Five-year Asset Management Strategy 2015 and made reference to the findings of the 2014 stock condition survey.

The purpose of the report was to agree the expenditure profile for 2016/17.

The principles adopted in the 2016/17 proposed programme continued with the previously agreed targets set out in the 2015 Asset Management Plan (AMP) agreed by Members at the Housing Management Forum meeting held on 27th August, 2015 and sought to ensure:

- That the Council maintains the Decent Homes Standards;
- The aspirations of tenants were considered and incorporated within the Programme;
 - To work collaboratively with other housing providers and contractors to improve delivery of planned and responsive repair services;
 - Ensure properties were safe, energy efficient and weatherproof; and
 - Investments were prioritised on a just in time and worst-first basis.

1. Progress during the Current Year 2015/16

Decent Homes Standard (DHS)

The 2014 Stock Condition Survey suggested 76 properties did not achieve the DHS.

Inspections had now been carried out of these properties to validate the findings and where appropriate the necessary works had been carried out, or were scheduled to ensure the DHS was maintained.

Planned Maintenance

Delivery of planned investments and major works via Cumbria Housing Partners continued to be an effective delivery method in terms of value for money, compared with historical costs. Additional efficiencies had been made through streamlined management, administration and monitoring of the contracts.

- Devonshire re-roofing and rendering works are 95% complete.
- Roosegate re-roofing and rendering works are 70% complete.
- Ormsgill rendering works are 30% complete.
- Replacement window programme is 65% complete.
- Bathroom improvements are 60% complete.
- Heating improvements are 65% complete.
- Kitchens improvements are 55% complete.
- Rewire improvements are 65% complete.

All work streams shown above were expected to be completed by the end of the financial year.

Progress on the delivery of major improvements would continue to be reported to the Housing Management Forum on a regular basis through the Planned Maintenance Information Report.

2. Suggested Investment Profiles for 2016/17

The proposed investment profile for 2016/17 was attached as an appendix to the Assistant Director's report.

The profile followed the "sustainable" investment model shown in the 2015 AMP and built on existing priorities to upgrade external components such as roofs and external wall finishes. Bathrooms, heating and electrical circuits continued to receive significant investment whilst the trend to spend less on kitchen improvements would continue for the foreseeable future.

The HRA baseline model allocation for 2016/17 was based on an asset portfolio containing 2660 properties:

Maintenance Allowance (per property £1244.21)	£3,309,619
Major Repairs (per property £849.51)	£2,259,700
Total	£5,569,319

3. Progressing the Planned Investment Works

Over the next three years, major investment works would continue to be delivered through the existing arrangement with Cumbria Housing Partners (CHP).

Whilst this years planned investment works were progressing satisfactorily Officers were concerned that focus of future investments on external works such as roofing and rendering provided a significant risk from disruption by adverse weather conditions.

In order to ensure all proposed investments for next year (2016/17) were delivered within the financial year Members were asked to agree that Officers seek to consolidate and where necessary accelerate Phase 3 of the re-roofing and rendering program on Roosegate.

The proposal to concentrate on the Roosegate roofing program aimed to reduce the number of external schemes on site during 2016/17 and hence ensure consultation with tenants and owner occupiers was completed as early in the financial year as possible. Officers would also seek to appoint contractors and prepare detailed cost forecasts and contract documentation during 2016 in readiness for commencement of the work at the start of April 2017. Officers would be working towards a position where external investments were in future delivered during the spring, summer and autumn months wherever possible.

There were resources to complete external works such as fencing and the Assistant Director asked Members to agree as part of the spend profile these resources in the first instance be targeted at the Roosegate area to complement and enhance the ongoing external fabric repairs.

It was moved by the Chairman and duly seconded that a letter be sent to all members of staff involved in advancing the Planned Investment Works ahead of schedule on behalf of the Housing Management Forum. This was voted upon and agreed.

RECOMMENDED:-

1. To note progress on achieving and maintaining the Decent Homes Standard;
2. To agree the annual investment profile shown at Appendix C of the report;
3. To agree continued delivery through Cumbria Housing Partners;
4. To agree to accelerate the Roosegate re-roofing and rendering scheme;
5. To note the intention to deliver external works during the Spring, Summer and Autumn months whenever possible; and

6. To agree that a letter, on behalf of the Housing Management Forum, be sent, thanking all Members of staff involved, for their hard work in advancing the planned investment works ahead of schedule.

35 – ‘New Lives Project’ – Supported Housing for Female Victims of Domestic Abuse in Barrow

The Assistant Director – Housing reported that Barrow Borough Council was one of 46 local authorities across the country getting a share of the fund to make sure that victims of domestic abuse got access to the support they needed. This would mean that there would now be 710 new bed spaces in a range of safe accommodation providing shelter to victims of domestic abuse across the country.

This new funding would assist Barrow Borough Council and Women’s Community Matters (WCM) provide a strong safety net for anyone facing the threat of abuse in their own home. Domestic abuse was an appalling crime that shattered lives the Government was determined to ensure that no victim was turned away from the support they needed.

The aim of the ‘New Lives’ project was to provide early availability of a holistic package based around the certainty and security of the provision of a safe and stable residence for those women with an immediate need to leave situations of abuse for their own safety and that of their children. No specific accommodation for domestic abuse was currently available in Barrow. This new project would address this gap in provision. The service was for women only due to the partnership with WCM which was a women-only service.

The Project would provide a one-stop shop point of contact and transition for victims of abuse requiring emergency accommodation and reducing the range of agencies the client was required to contact. The staff member would immediately begin working with the client on transition to a more permanent solution to the immediate crisis, assisting with finances and housing.

The Housing Service would provide two units of accommodation for sole use as emergency accommodation for victims of domestic abuse and their families. WCM would employ a dedicated member of staff to offer a holistic package of support from referral point through to exit from the ‘New Lives’ project. The WCM staff member would be responsible for all day to day managements of the property and all the work with the client.

Barrow Borough Council Housing Service staff were fully committed to this initiative. A dedicated Officer would be identified to ensure effective co-ordination between the two services with particular reference to provision of accommodation. This would ensure the Housing Service remained fully involved in the development and delivery of this project. The Housing Service and WCM already worked together in support of women experiencing domestic abuse. This new arrangement would further formalise that arrangement and improve upon the offer available to women experiencing domestic abuse.

RECOMMENDED:-

1. To note the report; and
2. To agree that the Housing Service identify two units of accommodation to be used for supported housing which may over a period of time rotate in line with the needs of the service.

36 – Planned Investment and Planned Maintenance

The Assistant Director – Housing reported information relating to the Planned Investment and Planned Maintenance Programme for 2015/16. The information is attached at **Appendix A** to these Minutes.

RESOLVED:- To note the Planned Investment and Planned Maintenance Report.

REFERRED ITEMS

THE FOLLOWING MATTERS ARE REFERRED TO COUNCIL FOR DECISION

37 – Housing Revenue Account 2016/2017

The Assistant Director – Housing had submitted a proposed budget which had been drafted at a time of considerable change. A similar layout as in previous budgets had been used in order for Members to compare the year-on-year process. There were a few key points, some of which could be incorporated within the budget and others which the Assistant Director was raising for Members' information but would need developing into medium and long term strategies as and when information became available:

1. Impact of 1% rent reduction;
2. Impact of limiting housing benefit to residents under 35 years of age;
3. Continuing ongoing challenges of Universal Credit;
4. The enforced sale of 'expensive' Council housing;
5. The Pay to Stay Scheme for Council tenants earning above a defined income; and
6. The abolition of lifetime tenancies.

A number of the issues highlighted above were still being progressed through Parliament so not all details were available but were likely to have an impact on the Council's income or increase the level of administration in providing the Housing Service in future years.

In accordance with this budget, a budget with no growth had been drafted in anticipation that a plan for the above changes would have to be considered during the next year as guidance became available.

The purpose of the Assistant Director's report was to agree a Housing Revenue Account Budget for the coming financial year 2016/17. Information about the Expected Outturn Budget and balances for the current year was also included.

The current year Outturn and proposed 2016/17 HRA budget was attached as an appendix to the Assistant Director's report.

The Welfare Reform and Work Bill 2015, brought into force rent reductions of 1% for the next 4 years. Section 19 stated: "Registered providers of social housing must secure that the amount of rent payable in a relevant year by a tenant of their social housing in England is 1% less than the amount that was payable by the tenant in the preceding 12 months".

"Target (formula) rent is determined as the rate of formula rent of 7th July, 2015 and a 1% reduction to the rate each year thereafter".

In effect that meant a relative drop to rent income of £197,302 for 2016/17 based on a CPI (Consumer Price Index) of 0.01%. If inflation pushed CPI up to 1.5% the loss would be between £1.9 million and £2.6 million by March 2020.

Examples of the effect of applying the 1% decrease to a range of property types were attached as an appendix to the Assistant Director's report.

In previous years it had been agreed that Garage rents would increase at the same % rate as dwellings however, it was now recommended that garages rise by 2% to keep their rents in line with local rates.

Any surpluses would be applied across the following as the Council were expected to manage expenditure incurred in maintaining tenancies and stock from the rents collected:-

- (1) debt repayments; and
- (2) investment projects where the need or the return was clearly identifiable.

1. Expected Outturn Budget 2015/16

The outturn for the year forecasted a net surplus of £21,050. Key factors were:-

- (1) £60,000 profit distribution rebate and contribution towards Cotswold Crescent Community Centre works received from CHP;
- (2) Additional £11,500 income from Tenants Rechargeable Repairs; and
- (3) Additional staff costs of Voluntary Redundancy Payments made year to date and maternity cover for Homelessness Officer.

2. Balances on the Expected Outturn for 2015/16

The above was likely to result in the following movement in balances.

2.1 Major Repair Reserve balance as at 31st March 2015 : £761,179

Forecast underspend 2015/16	£0
Revised Reserve balance as at 31st March 2016	<u>£761,179</u>
2.2 Housing Revenue Account balance 31st March 2015	: <u>£2,412,764</u>

Members had approved the procurement of a replacement housing management system (Civica CX). The costs would be funded from the HRA balance. The first payment of £124,000 was due in January 2016 on signing the Call Off agreement.

2.3 Breakdown of Balance on Account

Housing Revenue Account as at 31st March 2015	: £2,412,764
Less contribution from reserve for capital expenditure	: £ 124,000
Plus Forecast Surplus 2015/16	: <u>£ 21,050</u>
Estimated Balance at year end	: <u>£2,309,814</u>

2.4 Voluntary Repayment Provision

Provision as at 31st March 2015	: £4,375,704
Forecast Provision 2015/16	: £1,222,410
Provision at year end	: <u>£5,598,114</u>

3 Proposed HRA Budget 2016/17

In proposing the budget for 2016/17 which was attached as and appendix to the report, the following factors had been taken into account:

- 3.1 The Settlements Payments Determination provided a budgetary and business planning framework for rental income, the management of tenancies and major repair and maintenance expenditure. However, the Welfare Reform and Work Bill 2015, brought into force rent reductions of 1% for the next 4 years.
- 3.2 Under the previous guideline - determined on the basis of CPI + 1% for the next 10 years net rental income for 2016-17 would have been £10,502,289. Under the new legislation it was £10,304,988; £197,000 less.

By March 2020 the Assistant Director would estimate a fall, in real terms, of between £1.9 million and £2.6 million if CPI rose to 1.5% within that period. At the same time costs were expected to increase with inflation regardless.

- 3.3 The changes to rent income placed certain constraints on the budget and forced the Council to concentrate on the core activities of collecting rents, managing tenancies and keeping its properties in a good state of repair. It was necessary to consider dropping certain periphery activities, although there were some which may continue like the sense of place, training and

apprentice schemes because they were funded through existing repair/maintenance contractual arrangements.

- 3.4 The Assistant Director suggested that £50,000 be allocated to a contingency budget to fund initiatives that helped tenants into work and training by improving employment opportunities and their employability and maintain the £15,000 area improvement initiative scheme and £10,000 funding for Tenants Forum.
- 3.5 Redundancies from 2015-16 would save £61,000 in staff costs.
- 3.6 Commission income from water charge collection would be £192,748. There were now 510 tenants on reduced tariffs and a further 22 tenants had received £6,837 from the United Utility Trust fund charity.
- 3.7 The rollout of Universal Credit continued and had, as anticipated, increased arrears. There were 83 claimants and their arrears amounted to £59,287.
- 3.8 Collection rates currently ran at 98.25%.
- 3.9 Members approved the procurement of a replacement housing management system (Civica CX). The costs would be funded from the HRA balance. This investment should be recovered within 5 years from reduced annual support costs. The system itself was more easily managed, had a superior capability in predicting arrears and recovery actions and was a better aid to managers in improving performance.
- 3.10 The STAR survey had been carried out in 2015 and there may be some initiatives arising from the results.
- 3.11 The Voluntary Repayment Provision for 2016-17 would increase by £1,165,980.

4 Dwelling Rents

- 4.1 The determination for 2016/17 was a 1% decrease to Barrow Borough Council rents as they were on 8th July 2015:

	52 Weeks	48 Weeks
2015/16	£76.99	£83.37
2016/17	£76.19	£82.54
Decrease	1%	1%

**Average Rent
decrease over 48
weeks**

83p

- 4.2 Further details of the resultant rents for different property types were attached as an appendix to the report. Rents on an individual property basis would differ.

- 4.3 The Housing Major Repairs and Maintenance budget would allow a total £2,093 per dwelling based on a stock level of 2,660 *(includes Adelphi Court).

5 Garage Charges

The proposed budget included a 2% increase on garage charges. The effect on individual garage charges would be as follows:

	No.	2015/16	2%	Increased revenue 16/17
Garage rate 1	27	£6.82	£6.96	£4,294
Garage rate 2	451	£9.41	£9.60	
TOTALS	489	£212,546	£216,840	

There was a 100+ strong waiting list for garages with no vacancies and the proposed new rents appeared on par with the private sector.

6 Service & Facility Charges

The service and facility charges for supported, furnished and dispersed properties was still about right. It was suggested that these be left as they were, provided that their costs continued to be recovered.

7 Adelphi Court

The property was leased to Croftlands Trust as a supported housing scheme and under the terms of that lease the Assistant Director recommended that the annual rent of £40,000 remained the same for 2016/17.

8 Business Improvement Initiatives

The main initiative for 2016/17 was the replacement of the current housing management system. As it was configured Officers would look at redesigning existing processes:

- (1) stripping out any unnecessary activities which did not create any value or benefit to the service and in this way reduced the cost of management;
- (2) maximise the online technology to improve customer service through better access and better information; and
- (3) improve reporting and information to help managers improve performance.

The 30 year business plan would be updated and re-forecasted from the results of the stock condition survey and the revised rent and arrears projections.

RECOMMENDED:- That the Executive Committee agree the following:-

1. To note information at point (1) of the report;
2. To note the information on balances and Voluntary Repayment Provision at (2) of the report;
3. To note the information in point (3) of the report and agree 2016/17 budgets as shown in Appendix A of the report;
4. To agree the Dwelling Rent decrease of 1% at point (4) of the report and note the information shown in Appendix B of the report;
5. To agree the Garage increase of 2% at point (5) of the report;
6. To agree the no rent change to Adelphi Court at point (6) of the report; and
7. To note the information at point (7) of the report.

The meeting closed at 2.20 p.m.

APPENDIX A

SCHEME	PROCUREMENT TYPE	AVAILABLE BUDGET	EXPENDITURE TO DATE	ESTIMATED START DATE	ESTIMATED COMPLETION DATE	CONTRACTOR	COMMENTS	Leasholders affected?
RE-ROOFING AND POINTING WORKS ROOSEGATE ESTATE PHASE 2 (2-3 YEARS DELIVERY PLAN)	CUMBRIA HOUSING PARTNERS	£975,000	£ 369,889	26.5.2015	31.3.2016	DLP Roofing	70% COMPLETE	No
FLAT ROOF IMPROVEMENTS HINDPOOL AND EWAN CLOSE	ESTIMATES	£66,000	£ 33,388	01/07/2015	31.3.2016	CUMBRIA ROOFING	40% COMPLETE	Yes
RE-POINTING/RENDERING ORMSGILL ESTATE	CUMBRIA HOUSING PARTNERS	£538,000	£ 1,778	01/08/2015	31.3.2016	DLP Roofing	30% COMPLETE	No
EXTERNAL DOOR REPLACEMENTS DALTON	CUMBRIA HOUSING PARTNERS	£30,000	£ 9,251	02/08/2015	31.3.2016	TOP NOTCH	65% COMPLETE	No
WINDOW REPLACEMENTS VARIOUS HOUSING AREAS	CUMBRIA HOUSING PARTNERS	£304,000	£ 207,740	02/08/2015	31.3.2016	TOP NOTCH	65% COMPLETE	No
COMMUNAL ENTRANCE PAINTING - CENTRAL	CUMBRIA HOUSING PARTNERS	£37,000	£ 37,885	01/11/2015	31.3.2016	GEORGE JONES	75% COMPLETE	Yes
GARAGE IMPROVEMENTS	CUMBRIA ROOFING	£88,000	£ 6,400	02/08/2015	31.3.2016	CUMBRIA ROOFING	45% COMPLETE	No
REWIRES	CUMBRIA HOUSING PARTNERS	£255,000	£ 235,557	01/04/2015	31.3.2016	K WILSON	80% COMPLETE	No
BATHROOMS	CUMBRIA HOUSING PARTNERS	£180,000	£ 160,567	01/04/2015	31.3.2016	AB MITCHELL	60% COMPLETE	No
KITCHENS	CUMBRIA HOUSING PARTNERS	£125,000	£ 53,382	01/04/2015	31.3.2016	AB MITCHELL	15% COMPLETE	No
HEATING	CUMBRIA HOUSING PARTNERS	£455,000	£ 318,976	01/04/2015	31.3.2016	AB MITCHELL	50% COMPLETE	No
PAINTING	CUMBRIA HOUSING PARTNERS	£250,000	£ 108,166	01/04/2015	31.3.2016	G JONES	60% COMPLETE	Yes

HOUSING MAINTENANCE COMMITMENTS 2015-16

	Funding Available 2015-16	EXPENDITURE TO DATE	Weekly Available	Gross Comm. as a % funds available
Tenant Demand Repairs	£ 1,070,200	£ 503,254	£ 20,581	47%
Voids	£ 503,044	£ 524,488	£ 9,674	104%
Gas Servicing	£ 195,392	£ 113,802	£ 3,758	58%
Decoration Vouchers	£ 30,000	£ 23,153	£ 577	77%
Environmental Impmts	£ 25,000	£ 13,406	£ 481	54%
Disabled Adaptations	£ 100,000	£ 84,097	£ 1,923	84%
Electrical Testing	£ 81,000	£ 57,039	£ 1,558	70%
Door Entry Maintenance	£ 20,000	£ 11,132	£ 385	56%

EXECUTIVE COMMITTEE		<u>Part One</u> (R) Agenda Item 7
Date of Meeting:	9th March, 2016	
Reporting Officer:	Director of Resources	
<p>Title: Council Finances Quarter 3 2015-2016</p> <p>Summary and Conclusions:</p> <p>This report sets out the Council finances for period ended 31st December, 2015. The report includes the General Fund, Capital Programme, Treasury Management, Reserves and Balances and the Housing Revenue Account.</p> <p>Recommendations:</p> <p>To recommend the Council to revise the 2015-2016 General Fund revenue budget as £12,219,620.</p>		

Report

A. General Fund Revenue Budget

The General Fund Revenue Budget was last reported on 2nd December, 2015, as £12,068,910. The current budget is £12,219,620 and the budget increase of £150,710 comes from the receipt of Section 31 grants relating to:

- £47,750 victims of domestic abuse project
- £60,570 local land charge personal searches settlement
- £38,570 business rate reliefs paid on-account
- £3,820 private sector housing schemes

The movements in the budget subjective headings from 2nd December, 2015, to date are shown at **Appendix 1**. The movements have increased the direct costs by £310,910 (from £10,488,530 to £10,799,440) and this is funded from:

- Additional grants £47,750
- Use of reserves £244,810
- Budget variations £11,930
- Additional internal income £6,420

The budget variations remain within the £30,000 set with the original budget.

Subjective Analysis

The direct costs compared to the current budget, as at 31st December, 2015, are shown in the following table. Benefits are shown for completeness, to match the direct costs in **Appendix 1**.

Item	Budget £	Actual £	Proportion
Staff pay	4,776,200	3,468,660	73%
Other staff costs	130,100	88,350	68%
Transport	102,940	63,921	62%
Property	2,090,690	1,519,247	73%
Supplies & services	3,834,540	2,709,027	71%
Contracts	6,636,950	4,938,921	74%
External income	(7,056,520)	(5,302,004)	75%
Total	10,514,900	7,486,122	
Benefits (net of subsidy)	194,990	247,241	
Direct costs	10,709,890	7,733,363	

The proportion is expected to be around 75%. Those with significant variance have been reviewed and are summarised below:

Other staff costs

The main underspend relates to training expenditure. The budget is expected to be fully spent as there are training events running between January and March which use up the allocation.

Transport

The main underspend relates to the reimbursement of officers for work-related travel. As this is an area identified as underspent throughout the year, the outturn will be analysed and budget reduced in 2016-2017 where possible.

Objective Analysis

The direct costs can also be presented against the service areas within Management Board. Revenues and Benefits are shown for completeness, to match the direct costs in **Appendix 1**:

Service Area	Budget £	Actual £	Proportion
Corporate, Democratic and Support Services	3,066,810	2,259,474	74%
Community Services	3,729,750	2,791,865	75%
Regeneration and the Built Environment	1,608,580	896,195	56%
Total	8,405,140	5,947,534	
Revenues and Benefits	2,304,750	1,785,829	
Direct costs	10,709,890	7,733,363	

The proportion is expected to be around 75%. Those with significant variance have been reviewed and are summarised below:

Regeneration and the Built Environment

There are a number of items that are not in line with the flat profile used to monitor income and expenditure:

- Income from planning, building control and land charges ahead of profile £85,645;
- Repairs, property maintenance and utilities behind profile £48,857;
- Staffing costs behind profile £38,994;
- Professional fees behind profile £37,817;
- Homelessness expenditure behind profile £81,305.

At year end these items will be reviewed and Local Plan related net income and homelessness funding will be carried into 2016-2017. The rest of the service area is on profile.

Revenues and Benefits

There are no exceptional items to report as at 31st December, 2015.

B. Commercial Properties

The non-ring-fenced commercial property rent income for 2015-2016 is budgeted to be £1.4m. During the period to 31st December, changes in the rentals and NNDR liabilities have achieved a net gain of £143,572; this is built into the current budget.

C. Capital Programme

There are no variations to the capital programme to report for this period. The latest programme was presented to this Committee on 20th January, 2016.

D. Treasury Management

The Council's existing borrowing of £39.5m is all fixed rate PWLB loans maturing over the mid to long term. The debt belongs to the General Fund £13.4m and the HRA £26.1m. No loans are maturing in 2015-2016.

The total interest on the loans is £1.45m for the year with each loan having interest payments at six month intervals.

The limit for external debt for 2015-2016 is £55m and this has not been exceeded.

The interest receivable on matured temporary surplus cash deposits for the period ended 31st December, 2015, is £106,479. As at 31st December, 2015, the Council's funds were placed with:

Financial institution	Deposited	
Building Societies:		
Cumberland Building Society	£1m	
Manchester Building Society	£2m	
National Counties Building Society	£3m	
Newcastle Building Society	£3m	
Nottingham Building Society	£3m	
Principality Building Society	£3m	
Skipton Building Society	£1m	
West Bromwich Building Society	£3m	
Total of fixed term deposits		£19m
HSBC overnight deposit account		£2.45m
Total funds invested		£21.45m

E. General Fund Reserves and Balances

The General Fund financial reserves are currently estimated to be:

	1 April 2015 £k	Allocated £k	Added £k	Current £k
General Fund balance	2,300	-	-	2,300
Medium Term Financial Plan support	2,870	-	-	2,870
Service transformation	778	(147)	-	631
Renewals reserve	1,990	(1,588)	-	402
Insurance reserve	100	(36)	-	64
Losses reserve	631	-	-	631
Budget contingency reserve	1,371	(455)	296	1,212
Ring-fenced reserves	606	(50)	150	706
Other earmarked reserves	484	(166)	-	318
Earmarked revenue grants	691	(196)	-	495
Total	11,821	(2,638)	446	9,629

The £244,810 of reserves used to fund direct costs in this quarter was:

- £50,410 major maintenance of public buildings
- £89,550 costs of voluntary redundancies
- £31,060 Efficiency Support Grant
- £30,280 use of grants received in advance
- £16,030 insurance excesses
- £12,000 to top-up Discretionary Housing Payments
- £2,500 Woodbridge Haven reserve
- £35,700 approved one-off items
- Less £22,720 reserved for the Local Plan process (additional income)

F. Medium Term Financial Plan

The Medium Term Financial Plan is presented separately on the agenda.

G. Housing Revenue Account

The Housing Revenue Account budget was set as balanced on 3rd March, 2015. The main items of income and expenditure are reported to the Housing Management Forum and are not duplicated here.

The Housing Revenue Account will call on the balance for 2015-2016 and the current estimate is to use £91,460 in relation to the following items:

- £104,000 Housing Management System project
- £56,990 cost of voluntary redundancies
- £26,000 staffing costs
- £18,430 other one-off costs and increases
- Less £113,960 additional income from CHP rebate, insurance settlements and other income above the budget

The balance at 31st March, 2016, is estimated to be £2,321,304.

(i) Legal Implications

The recommendation has no significant implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

The financial implications are set out in the body of the report.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Wellbeing Implications

This recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

General Fund Budget 2015-2016

Quarter 3: period ended 31st December 2015

	Budget in Q2 report	Additional grants	Reserves	Budget variations	Matched supplements & virements	Current Budget
Staff pay	4,758,420		17,780			4,776,200
Other staff costs	124,340		89,550	4,600	1,160	219,650
Transport	103,810			120	(990)	102,940
Property	2,023,040		64,200	4,460	(1,010)	2,090,690
Supplies and services	3,529,410	47,750	211,280	39,710	6,390	3,834,540
Contracts	6,648,820			(18,770)	6,900	6,636,950
Benefits	21,821,370		12,000			21,833,370
Benefits grants	(21,638,380)					(21,638,380)
External income	(6,882,300)		(150,000)	(18,190)	(6,030)	(7,056,520)
Direct Costs	10,488,530	47,750	244,810	11,930	6,420	10,799,440
Internal income from HRA & capital	(745,090)				(6,420)	(751,510)
Capital charges	1,375,170					1,375,170
Indirect Costs	630,080	0	0	0	(6,420)	623,660
Net Expenditure	11,118,610	47,750	244,810	11,930	0	11,423,100
External interest earned	(120,000)		(20,000)			(140,000)
External interest paid	584,640					584,640
Minimum revenue provision	896,830					896,830
Revenue contribution to capital	913,480		668,250			1,581,730
Capital charges	(1,375,170)					(1,375,170)
Pension fund	1,186,740					1,186,740
Movements in reserves	(1,310,450)		(893,060)			(2,203,510)
Budget variances	23,230			(11,930)		11,300

Unbudgeted grants
Net Revenue Budget

151,000	102,960			253,960
12,068,910	150,710	0	0	12,219,620

EXECUTIVE COMMITTEE		<u>Part One</u> (R) Agenda Item 8
Date of Meeting:	9th March, 2016	
Reporting Officer:	Director of Resources	
<p>Title: Anti-Fraud and Corruption Strategy</p> <p>Summary and Conclusions:</p> <p>This report sets out the Council’s updated Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.</p> <p>Recommendations:</p> <p>To recommend the Council to approve the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.</p>		

Report

The latest Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan is attached as **Appendix 2**.

This document is more comprehensive than previous versions, making clear reference to associated procedures and protocols already in existence brought together in this document.

The Council’s zero tolerance of fraud and corruption is maintained and the Response Plan mirrors current practice.

The Council also has a separate Whistleblowing Policy which does not require any amendment at this time.

Members are asked to recommend that Council approve the Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

The recommendation has no implications.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

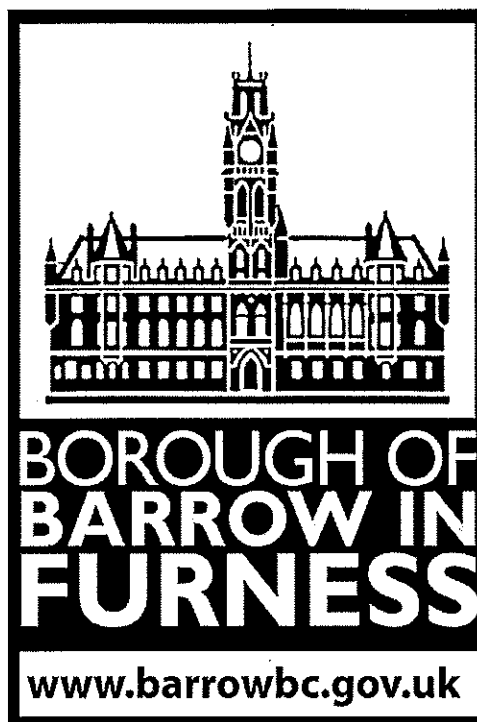
The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil



Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan

Version Control:	
Document Name:	Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan
Version:	24022016.1
Author:	Director of Resources
Approved by:	Executive Committee and Full Council
Date Approved:	March 2016
Review Date:	March 2017

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Section 1 - Introduction

1.1 The Strategy

The Borough Council has drawn up an Anti-Fraud, Theft, Bribery and Corruption Strategy to set out its overall policy in respect of fraud, theft, bribery and corruption. This clearly shows that the Council is committed to preventing and detecting fraud, theft, bribery and corruption and, where necessary, pursuing allegations of such activity. It also outlines the Council's commitment to creating an anti-fraud and anti-bribery culture and maintaining high ethical standards.

The Strategy sets out the Council's response to the Bribery Act 2010. The Council, through its Members and officers, is committed to carrying out its activities and functions fairly, honestly and openly. The Council has, and will have, a "zero tolerance" of fraud, bribery, corruption, theft, or any criminal actions.

1.2 Why an Anti-Fraud, Theft, Bribery and Corruption Strategy and Related Procedures Are Needed

Whilst the primary responsibility for maintaining sound arrangements to prevent and detect theft, fraud, bribery and corruption rests with management, it is important that all staff and Members know:

- how to prevent and deter theft, fraud, bribery or corruption;
- how to look for the signs of theft, fraud, bribery or corruption;
- what to do if they suspect theft, fraud, bribery or corruption is taking place.

It is important that staff and Members do not try to handle the problem themselves, without expert advice and assistance. A badly managed investigation, or improper interference, will prejudice any potential or prospective Police prosecution, so there are a number of procedures which have to be followed.

1.3 Definition of Theft, Fraud, Bribery and Corruption

Theft is "dishonestly appropriating property belonging to another, with the intention of permanently depriving them".

Fraud is "the intentional distortion of financial statements or other records by persons internal or external to the Council, which is carried out to conceal the misappropriation of assets, or otherwise for gain".

These records can include orders, invoices, travel claims, time records, holiday entitlement records, petty cash vouchers, or claims from independent contractors. It may also cover a number of other acts, such as failure to disclose information, or abuse of position.

Bribery is "the offering, promising, or giving of a financial or other advantage to a person with the intention of bringing about another's improper performance of an

activity, or rewarding such improper performance". Bribery can arise where the acceptance of an advantage, in the knowledge that it is offered, promised or given, constitutes an improper performance of an activity.

Corruption is "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the actions taken by the Council, its Members, or staff". It also includes using personal relationships to influence actions.

This Strategy provides information to all staff that may come across behaviour which they think may be fraudulent or corrupt.

1.4 Governance

The governance role is carried out by the Audit Committee – the Committee ensures there is an appropriate system of internal control to minimise the Council's exposure to theft, fraud, bribery or corruption. It reviews the annual update of this Strategy and Response Plan. Management Board considers this Strategy as part of the annual update. In so doing it acknowledges its responsibility for ensuring that the Council has strong and robust anti-fraud arrangements in place.

Section 2 - Prevention and Deterrence of Theft, Fraud, Bribery and Corruption

2.1 Role of Staff

The Council's Anti-Fraud, Theft, Bribery and Corruption Strategy requires all staff to report any suspicions of theft, fraud, bribery or corruption, to enable a proper investigation into the circumstances to be undertaken. If a member of staff does not feel comfortable speaking to his/her line manager, he/she should contact the Section 151 Officer or Internal Audit. Alternatively, if a member of staff is concerned about the behaviour of another member of staff, he/she may prefer to contact the Monitoring Officer or the Human Resources Manager, who will then involve the Section 151 Officer or Internal Audit, if theft, fraud, bribery or corruption is a possibility. The Council has also adopted a Confidential Reporting ('whistleblowing') Procedure.

Staff can also go directly to the External Auditor, or the Police (see paragraph 4.10). However, this should only be the case in exceptional circumstances.

2.2 Role of Members

All Council Members have a duty under the Council's Members' Code of Conduct and this Strategy to report any instances of improper conduct. The Strategy incorporates a list of the internal and external contacts that they may wish to refer their concerns to (see paragraph 4.10).

2.3 Role of Managers

2.3.1 Theft and Fraud

Whilst it is impossible to create a 100% fraud-proof system, managers must ensure that the system they operate includes a reasonable number of effective controls designed to detect and prevent fraud and error. The actions and controls that managers should consider are as follows:

- documenting procedures and controls and training all staff in their use;
- ensuring all staff are familiar with the Council's Financial Regulations, Contract Standing Orders and Procurement Rules;
- carrying out spot checks to ensure compliance with procedures/regulations;
- ensuring separation of duties between staff (as far as possible) so that no one person is solely responsible for the initiation through to the completion of a transaction, that is, authorising a transaction, processing the transaction, collecting cash/cheques where appropriate, receiving goods/services and recording the transaction;
- assigning appropriate levels of delegation, for example, orders over a certain value to be signed by a restricted number of staff;
- rotating staff responsibilities, where possible, to avoid one person always having sole charge over a given area;

- introducing an adequate "internal check". At its simplest, this involves an independent officer checking the work/calculations/documentation prepared by the initiating officer. "Internal check" may also mean splitting the processing of a transaction between two or more officers. For example, each creditor payment is signed off by different officers for 'goods received' and 'certification'. It is then input to generate the payment by a different officer and finally the remittance is sent out by a different officer again. Unless there is extensive collusion between staff, this will reduce the opportunity for fraud:
 - ensuring expenditure is authorised prior to expenses being incurred;
 - ensuring expenses/petty cash claims are supported by receipts;
 - minimising cash/cheques/stock holdings. Bank cash/cheques regularly, preferably daily, depending on the value and the risk;
 - reviewing budget monitoring statements, be alert to trends, for example, falling income or increasing travel expenses and follow up variances;
 - ensuring staff take their proper allocation of holidays and that other staff undertake their duties in their absence. Cover arrangements should be robust;
 - regularly review processes to identify 'weak links' that may be vulnerable to fraud.

2.3.2 Bribery and Corruption

The wide range of Council services means that there are opportunities for decisions to be improperly influenced in many areas, such as the procurement and delivery of contracts, consents and licences.

Internal Regulations - Council procedures should:

- ensure Financial Regulations, Contract Standing Orders and Procurement Rules cover the key risk areas;
- ensure Financial Regulations and Contract Standing Orders and Procurement Rules are updated periodically, changes are communicated and additional training is given if necessary;
- ensure the handling of breaches of Financial Regulations and Contract Standing Orders and Procurement Rules are fully documented and dealt with in accordance with the Rules;
- provide all Members and staff with a copy of the relevant Code of Conduct and ask them to confirm that they understand the Code and provide training;
- keep a register for declaration of interests for both staff and Members, reviewed by senior officers on a regular basis;
- keep a register for declaration of hospitality and gifts received for both staff and Members, reviewed by senior officers on a regular basis;
- remind Members and staff of the need to declare interests and gifts/hospitality received/offered.

2.3.3 Contracts

- provide within the Procurement Guidance/Contract Management Checklist (which supports the Procurement Rules) clear, written instructions, for staff involved in letting and controlling contracts (including the position regarding tender negotiations);
- ensure adequate supervision of/separation of duties between staff letting and controlling contracts, as far as practicable;
- carry out an independent review of circumstances where particular contractors seem to be preferred;
- ensure adequate justification for, and approval of, occasions when negotiated or restricted tendering is used and that this is fully documented;
- ensure tenderers are chosen on a rational basis, to ensure fair competition and equal opportunity to tender;
- carry out Internal Audit reviews of all major contracts and selected lower value arrangements;
- ensure contracts are signed by both parties;
- ensure that appropriate provisions are included in contracts to relate to bribery and any criminal activity and their prevention which include sanctions;
- ensure appropriate monitoring is in place relating to the performance of the service and compliance with an organisation's responsibilities under the Bribery Act.

2.3.4 Asset Disposals

- ensure there are clearly defined procedures for asset sales and that these are fully understood by all relevant Members and staff;
- document all disposals so it can be demonstrated that the best possible price or consideration has been obtained and/or any relevant dispensations are applicable and have been obtained.

2.3.5 Award of Planning Consents and Licences

- ensure there are written procedures covering delegated powers of Members/staff in awarding planning consents and licences;
- ensure decisions are fully documented so it can be demonstrated that decisions are made on a consistent, fair, lawful and rational basis;
- monitor decisions on planning applications, particularly where Planning Officer recommendations are not followed;
- ensure an authorisation or approval process is in place for the grant of any consent or licence.

2.4 Role of Internal Audit

The Council's Audit Plan includes the annual audit of the major financial systems listed below:

- Housing Benefits
- Council Tax;
- Council Tax Reduction Scheme;
- Business Rates;
- Payroll;
- Creditors;
- Treasury;
- Main Accounting System;
- Sundry Debtors;
- Income Collection.

Audits of the major financial systems include a review of the key controls. This is based on best practice checklists. It is not possible to specify controls which will detect the actual receipt of corrupt inducements. Reliance has to be placed on having adequate procedures in place, based on Financial Regulations and Contract Standing Orders and Procurement Rules, to limit the possibility of corrupt practices. Audit work is normally limited to testing compliance with these procedures and drawing attention to any weaknesses. Any identified weaknesses which might indicate potential fraud, theft, bribery or corruption will be further tested using in-depth substantive testing.

The Council's Internal Audit:

- co-ordinates the Council's response to the Cabinet Office's National Fraud Initiative (see paragraph 3.2.5). In particular, it ensures that any identified issues are followed up. However, it is ultimately the responsibility of management to ensure adequate controls and procedures are in place to prevent and detect theft or fraud, in accordance with the guidelines provided under paragraph 2.3.1 of this Strategy;
- advises the Section 151 Officer on fraud issues;
- provides a resource, where required, to undertake fraud investigations.

Section 3 - Detection and Awareness

3.1 Introduction

This section aims to outline particular risk areas and to give an idea of the types of theft, fraud, bribery or corruption that may occur. Government surveys have shown that there are far less proven instances of bribery and corruption than there are cases of fraud and theft.

3.2 Risk Areas

3.2.1 Fraud can happen wherever staff or people outside the Council complete official documentation and have the opportunity to take financial advantage of the Council. The risk of fraud, bribery or corruption is increased where staff, or outside agents, are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently, the following areas are particularly susceptible to theft, fraud, bribery or corruption:

- claims from contractors/suppliers;
- travel and expense claims;
- cash/cheque receipts;
- petty cash/floats;
- payroll;
- purchasing;
- procurement of contracts;
- delivery of services under contract, particularly where payments are, or may be, received;
- stocks and assets, particularly portable/attractive items;
- treasury management;
- housing benefits;
- Housing Grants (Disabled Facilities etc.);
- the approval of grants generally;
- disposal of assets;
- development or sale of land;
- inspections;
- the taking of enforcement action;
- award of Consents and Licences;
- money laundering (see section 3.4 below);
- electronic fraud (see section 3.5 below);
- Council Tax discounts, reductions and exemptions.

3.2.2 In addition, acceptance of gifts and hospitality, secondary employment and pressure selling (suppliers pressurising staff to order goods/services which are not required) can lead to corrupt practices.

3.2.3 The provision of gifts or hospitality is a significant risk area. The offer of any gift or hospitality must be declared by any Member or officer.

3.2.4 Benefit payments are a particular risk area for local authorities. With the creation of the Department for Works and Pension's (DWP) Single Fraud

Investigation Service the Council's Benefits Investigation Team were transferred to this new service (July 2015). The Council no longer investigates benefit fraud itself. However, it seeks to minimise any fraud by:

- passing any potential frauds to the DWP for investigation
- participating in DWP fraud initiatives
- maintaining effective controls to prevent fraud entering the benefits system

3.2.5 The Council participates in the National Fraud Initiative (NFI) which is run by the Cabinet Office. This matches data from a variety of sources to identify potential frauds. The exercise is co-ordinated by Internal Audit and potential fraudulent issues are followed up by relevant staff (risk based). Also, the Council is a member of the National Anti-Fraud Network (NAFN) and receives regular "alerts" from the network.

3.2.6 Applications for employment are another risk area and, for this reason, the Council has an Employment Screening Policy. Employment screening provides some assurance that a prospective employee is trustworthy and has the necessary skills and/or experience required to perform the role they have applied for. It can also act as a deterrent to dishonest individuals applying for positions within the Council in the first place. Screening checks therefore include:

- verification of the identity of the individual;
- references from previous employers;
- verification of qualifications;
- proof of right to work in the UK;
- Disclosure and Barring Service (DBS) disclosures where appropriate.

3.2.7 Baseline Personnel Security Standards (BPSS) were also incorporated into the Council's employment screening process with effect from 1 April 2010, in response to 'Government Connect' requirements. Government Connect is a pan-government programme providing an accredited and secure network between central government and every local authority in England and Wales. The network is known as GCSX (Government Connect Secure Extranet). The associated Public Services Network requires that all users who have access to restricted data and all those who have GCSX accounts are cleared to the specified BPSS as a minimum.

3.3 Signs of Fraud, Bribery, or Corruption

3.3.1 Fraud involves the falsification of records. Therefore, managers need to be aware of the possibility of fraud when reviewing or being presented with claims/forms/documentation for authorisation. Issues which should give rise to suspicion are:

- documents that have been altered using different pens or different handwriting;
- claims that cannot be checked because supporting documentation is inadequate (for example, no vouchers/receipts);

- strange trends (in value, volume, or type of claim);
- illegible text/missing details;
- delays in documentation completion or submission;
- use of numerous cost centres to code expenditure (to avoid showing a large variation on one particular budget);
- large payments where no VAT number is quoted;
- invoices that quote a P O Box number, rather than a specific address;
- lack of authorisation for computer input/no supporting documentation.

3.3.2 There are also a number of indicators that a member of staff may be acting corruptly or fraudulently:

- apparently living beyond their means;
- under financial pressure;
- exhibiting signs of stress or behaviour not in keeping with their usual conduct;
- not taking annual leave;
- refusing to allow another member of staff to be involved in their duties;
- attracting complaints from members of the public;
- having private discussions with contractors;
- unusual work patterns, e.g. always be the first in the office or the last to leave;
- irregular behaviour;
- over-familiarity with contractors or suppliers.

3.3.3 Suspicions of bribery and corruption may come from outside the normal course of work. Sources should be followed up promptly and with due discretion and tact and reported to the appropriate member of Management Board.

3.4 Money Laundering

Money laundering is the practice whereby criminals attempt to 'clean' the proceeds of criminal activity by passing it through a legitimate institution. The Proceeds of Crime Act 2002 imposes an obligation on a variety of organisations, including local authorities, to report any incident that lead them to suspect that an individual or other body is making transactions with the proceeds of any criminal activity.

The Council does not have a statutory obligation to comply with the Money Laundering Regulations 2007. However, it is good practice to adopt policies and procedures which meet the key elements of the regulations.

The Council's Anti-Money Laundering Officer is the Section 151 Officer. In the event of a major transaction being identified which could involve money laundering, the Section 151 Officer, or Internal Audit, should be contacted for advice on how to proceed.

Almost all the major cash transactions of the Council occur as part of its Treasury Management operations, whereby the Council lends, and is repaid, large sums. This is dealt with in the Council's Treasury Management Strategy. Any attempt to launder cash will tend to involve larger sums of money. The only other area where large sums of money are received is the sale of assets. The Council can take confidence from the following:

- (a) the Legal Services Section will deal with the sale and will confirm the identity of the payee during the course of the process of sale;
- (b) receipts will normally be taken through BACS or cheques and the relevant bank will be required to comply with the money laundering regulations for their client; and
- (c) most customers will be long-standing tenants or known businesses.

However, all staff who receive cash as part of their jobs should be vigilant for any unusual transactions that might indicate that an attempt is being made to launder money. Any suspicions should be reported immediately to the Section 151 Officer.

As an additional safeguard, receipts of notes, coins, or travellers' cheques will not be accepted over £10,000 for any one transaction.

3.5 Electronic Fraud

Electronic fraud is a growing area. It may take a number of forms:

- external hacking into systems and accessing bank details - a specialist company is commissioned to test the vulnerability of the Council's IT network from external attack;
- identity theft of Council staff - this is particularly important where staff have access to a Council credit card, or hold passwords required to access bank details. Staff will be periodically reminded about basic safeguards to help prevent identity theft.

The Council meets the Public Sector Network requirements. This ensures secure communication with other public sector bodies. As part of this:

- the Council has a designated Security Officer;
- a third party is commissioned to test the ability of the network to withstand hacking.

3.6 Fraud Reporting

On a quarterly basis, the Council's anti-fraud activities and any instances of fraud are reported to the Audit Committee.

Section 4 - Theft, Fraud, Bribery and Corruption Response Plan

4.1 Introduction

This section sets out the responsibilities of staff and Members and actions to be taken in cases where theft, fraud, bribery or corruption is suspected within the Council.

The following procedure is where fraud, theft, bribery and corruption are the predominant feature of a particular case. There will be other cases where minor fraud is a subsidiary element of a broader case. However, the Section 151 Officer should still be informed of any fraud as soon as it is discovered.

4.2 Suspicion of Theft, Fraud, Bribery or Corruption

4.2.1 All financial irregularities should be reported immediately to the Section 151 Officer. Where actions are thought to be deliberate, the possibility of theft, fraud, bribery or corruption should be considered.

Cases of theft, fraud, bribery and corruption often come to light in the following ways:

- management follow-up in areas where there is evidence of controls not being applied;
- outline system checks;
- tip-offs from a third party.

Initial reports should be treated with discretion and caution, as apparently suspicious circumstances may turn out to have a reasonable explanation, or could be malicious.

Where suspicions are aroused during audit reviews, the details should be immediately brought to the attention of the Section 151 Officer. Consideration should then be given to consulting the Police, depending on the scale of the incident, at the discretion of the Section 151 Officer. Ordinarily, where criminal conduct is suspected reasonably and properly, the Police should be contacted.

The Section 151 Officer will consult with the Executive Director whenever criminal activity is suspected, so that due consideration can be given to involving the Police, or any other enforcement body. All cases must be treated with discretion. Relevant personnel will be informed of any suspected criminal activity strictly on a 'need to know' basis.

Initial interviews of those suspected of theft, fraud, bribery or corruption should be undertaken by Internal Audit or the Section 151 Officer. As soon as it becomes clear that a criminal activity is taking place and a prosecution may be pursued, the Police should be contacted. In such a case, any interview is best conducted by the Police.

4.3 Commercial Organisations and Bribery

Any commercial organisation will be liable to prosecution if a person associated with it bribes another. It is a defence for that organisation to show that it has adequate procedures in place to prevent bribery.

The Council, for its part, should ensure that its procedures are sufficient to prevent bribery and corruption insofar as this is practicable. It can require, reasonably, that those commercial organisations with which its contracts are aware of its anti-bribery stance and have appropriate procedures in place themselves. Any contractor which performs services or functions on behalf of, or for, the Council will be associated with it. The Council's reputation may be damaged by the actions and activities of a third party with whom it is, or has been, associated. It is in the Council's interests to seek to ensure that the commercial organisations with which it contracts have effective procedures in place to prevent bribery. The Council, and any public authority, can be expected to have, and to practice, high ethical standards of behaviour.

The Council's Executive and Management Board are committed to a zero tolerance of bribery in any form. The Council is committed to openness, transparency and ethical practices in the conduct of its activities. The Council is committed to good and effective governance.

4.4 Review and Monitoring in Relation to Bribery

The Council will regularly review the procedures it has in place generally, and specifically, to prevent bribery from occurring. The risks and their assessment will be overseen by the Management Board. 'Incidents of fraud, bribery or corruption' is a risk within the corporate risk register. This is reviewed quarterly by Management Board. The Council's policies and procedures in this area need to be known and understood.

The Council will undertake due diligence enquiries in its application of its procedures and assessments to ensure proper and justifiable decisions are made.

The Council does, and will, undertake training on a regular basis for its staff and Members on ethical behaviour, the codes of conduct and the relevant procedures and practices. This Strategy will be made known and be accessible, readily, for staff and Members. The commercial organisations which perform the main contracted services for and on behalf of the Council will receive a copy of this Strategy so that they are fully aware of the Council's stance and expectations.

4.5 Responsibilities of the Section 151 Officer

As soon as possible, and where appropriate, the Section 151 Officer should:

- appoint a member of staff to lead the investigation (the Lead Officer), normally Internal Audit. If it appears that, prima facie, the Police may ultimately be involved, an informal discussion with the Police may be appropriate;
- inform other managers, e.g. the Executive Director, the Monitoring Officer;

- inform external audit, at an appropriate time.

The preliminary findings of the Lead Officer should then be reviewed and a decision made whether to:

- discontinue the investigation;
- continue with a full investigation;
- involve the Police and/or external audit.

If the Lead Officer is to continue with the investigation, the Section 151 Officer should:

- agree the objectives and terms of the investigation, as proposed by the Lead Officer;
- agree the resources that are necessary for the investigation, as recommended by the Lead Officer;
- inform the Executive Director;
- manage any public relation issues that may arise and liaise with the Lead Officer throughout the investigation;
- liaise with the Monitoring Officer and the Human Resources Manager in considering whether disciplinary processes and actions should be instituted and/or action taken under any contract;
- report the outcome to the Executive Director.

4.6 Responsibilities of the Lead Officer

The Lead Officer will organise the investigation on behalf of the Section 151 Officer and keep him/her informed of significant events. In some circumstances the Lead Officer will be the Section 151 Officer.

If suspicions are confirmed by an initial consideration of the facts, the Lead Officer will set up a full investigation by:

- agreeing terms of reference, scope, key issues and target dates;
- identifying staff needs and likely cost.

The Lead Officer will be the point of contact for liaison with the Police, external audit, and so on. He/she should ensure there is consideration of whether, or not, the Regulation of Investigatory Powers Act applies to any aspect of the investigation.

The Lead Officer will report progress to the Section 151 Officer and recommend action (internal disciplinary action or prosecution).

The Lead Officer will report on the potential for any necessary recovery action.

The Lead Officer may prepare a summary note identifying system weaknesses and lessons to be learnt, together with an action plan specifying officers responsible and completion dates.

It is important that all documentation and articles are collated at an early stage.

Advice can be obtained from Cumbria Constabulary (see paragraph 4.10). Guidelines are set out in the CIPFA booklet: *'The Investigation of Fraud in the Public Sector'*. Key points include:

- prime documents should be removed to a safe place, with copies being used for working purposes (in order to maintain secrecy, batches of documents, as opposed to individual items, should be removed);
- working papers should be dated, initialled and set out in such a way that a lay person could understand them and they could be presented in Court;
- observation of activities should be undertaken by two members of staff, in accordance with the Regulation of Investigatory Powers Act;
- interviewing must observe the Police and Criminal Evidence Act requirements and is best done by the Police.

4.7 Responsibilities of the Executive Director

In conjunction with the relevant Section Head, the Executive Director will make any necessary arrangements:

- for the member of staff under suspicion to be suspended, if required, pending the investigation and provide alternative staff cover;
- to secure any documents, equipment, or premises that could be interfered with;
- to arrange to have documents available for scrutiny.

4.8 Responsibilities of the Human Resources Manager

If staff are involved:

- advise on personnel and procedural issues in relation to:
 - investigations;
 - suspension;
 - disciplinary proceedings;
 - dismissal;
- liaise with staff representatives, as set out in the Council's Disciplinary Procedure;
- advise managers on the wording of future references, file notes and personal file details.

4.9 Action to be Taken by Staff on the Discovery of a Potential Offence

On discovering or suspecting theft, fraud, bribery or corruption, it is essential that staff inform the Section 151 Officer, the Monitoring Officer, or Internal Audit immediately. If this is not practicable, the Executive Director should be informed. Out of office hours, the Executive Director must use discretion as to whether to inform the Police. This is particularly relevant in cases of theft, where a delay in reporting to the Police may be undesirable.

Confidentiality will be respected and anonymous 'tip-offs' will be assessed and followed up where appropriate; all such issues should be logged by Internal Audit. It is in the interest of staff to report suspicions. Full details should be made available, though any actions should not arouse the suspicions of those who may be involved. The Council's Whistleblowing Procedure gives full details of how confidentiality is dealt with and how those with concerns can report outside the Council if they wish.

During an investigation, details should not be discussed with anyone other than members of the Investigation Team, as this may jeopardise the successful outcome.

Media attention should be directed to the Section 151 Officer, who will liaise with an appointed Communications Officer and the Police as appropriate. Once a potential offence is suspected to have been committed, a decision will require to be taken on whether, and when, to involve the Police, or any investigation agency. This decision will be taken with the relevant Lead Officer, in consultation with the Executive Director, the Section 151 Officer, and any appropriate Member. The decision should be taken promptly. Care should be taken not to affect any prospective Police investigation. Account should be taken of the seriousness of the offence, its nature, effect and impact in deciding whether to call the Police. If Police intervention is thought necessary, or likely, they should be informed at the earliest possible stage. Advice should be sought from the Police, or the Monitoring Officer, if necessary. Contact should be maintained by the Investigation Officer until any investigation has been concluded.

4.10 Contact Telephone Numbers

Internal

Section 151 Officer Ext 6460
Internal Audit Ext 6393

Fraud Hotline/Whistleblowing

0800 389 2330

External

Cumbria Police 101 (ask for the Fraud Squad)
External Audit – Grant Thornton 0161 234 6394

4.11 Prosecution Policy

It is Council policy that any apparent criminal activity committed against the Council will be referred to the Police, or other appropriate enforcement agency. In appropriate cases, the Council will also use civil procedures to recover any losses it has incurred.

EXECUTIVE COMMITTEE		Part One (R) Agenda Item 9
Date of Meeting:	9th March, 2016	
Reporting Officer:	Director of Resources	
<p>Title: Contract Standing Orders</p> <p>Summary and Conclusions:</p> <p>This report sets out the Council's updated Contract Standing Orders.</p> <p>Recommendations:</p> <p>To recommend the Council to approve the updated Contract Standing Orders.</p>		

Report

The latest Contract Standing Orders are attached as **Appendix 3**.

The document is reviewed annually and there are a number of changes triggered by the Public Contracts Regulations 2015.

1. The Public Contracts Regulations 2015 abolished the pre-qualification stage for procurements below the EU thresholds, and introduced a requirement to have regard to guidance on qualitative selection issued by the Cabinet Office for above EU threshold procurements: <https://www.gov.uk/guidance/transposing-eu-procurement-directives>.
2. All procurement opportunities covered by these Contract Standing Orders must be advertised on the national Contracts Finder portal: <https://www.gov.uk/contracts-finder>. This is in addition to any other portals in use. Contract award information must subsequently be placed on Contracts Finder once the contract is awarded.
3. Public contracts must include a provision to ensure prompt payment through the supply chain, for example:

“Where the Contractor enters into a Subcontract with a supplier or Contractor for the purpose of performing any of its obligations under this Agreement, the Contractor shall ensure that a provision is included in such Subcontract which requires payment to be made of all sums due by the Contractor to the Contractor Sub-Contractor within a specified period not exceeding 30 days from the receipt of a valid invoice.”

4. The EU thresholds have also been included in addition to the links to the Official Journal of the European Union:

The thresholds can be found on the website of the Official Journal of the European Union: <http://www.ojec.com/thresholds.aspx> and are currently:

- £164,176 for Supply, Services and Design Contracts;
- £4,104,394 for Works Contracts.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

The recommendation has no implications.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

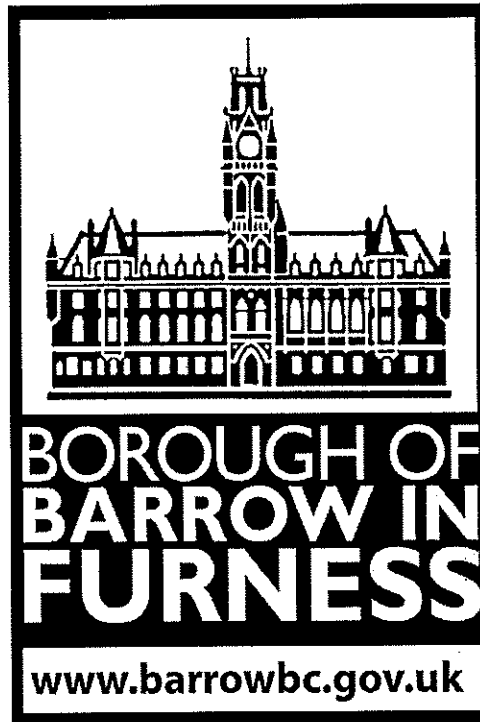
The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil



Contract Standing Orders

Version Control:	
Document Name:	Contract Standing Orders
Version:	24022016.1
Author:	Director of Resources
Approved by:	Executive Committee and Full Council
Date Approved:	March 2016
Review Date:	March 2017

Contract Standing Orders

1. General

These Contract Standing Orders apply to the purchase by or on behalf of the Council of works, supplies (goods) and services with a contract value of £100,000 and above, or for contracts of a lower value where tendering is appropriate. Procurement below £100,000 is managed through the Council's Purchasing Procedure which has requirements such as the number of prices for different levels of expenditure.

Except as provided in paragraph 15 below, every contract made by the Council shall comply with these Contract Standing Orders. All contracts shall comply with EU Procurement Directives, Public Contract Directives and UK law. The exceptions in paragraph 15 do not apply where EU Directives and Regulations relating to public sector supply contracts must be complied with.

Any agent or consultant appointed by the Council to supervise or assist with a contract shall be placed under an obligation to comply with these Contract Standing Orders and the Financial Regulations of the Council as if they were a project manager of the Council.

In these Contract Standing Orders the word tender shall mean a price given by a contractor for a suitable specified contract by invitation.

2. Auditing

Contracts are subject to review in accordance with Financial Regulations section 19. This includes the completion of the Contract Management Checklist and Internal Audit stage checks and clearance of the final account prior to payment where appropriate. Where a final account type of contract does not exist, the project manager shall inform Internal Audit at the commencement of the contracting process.

3. Contracting Process

As a minimum, contracts awarded under these standing orders will follow this process; for service contracts the process ends after the second Internal Audit stage review:

- For capital projects, completion of capital appraisal template which includes costs, benefits, risks and alternatives. For planned housing maintenance, this is the stock condition survey turned into a programme of prioritised delivery. For services an appraisal to Management Board or the Executive Committee if appropriate.
- Capital bids are assessed by capital programme group and successful bids are included in the capital programme for approval by the Executive Committee. For planned housing maintenance, this is performed by the Housing Management Forum.

- Any works element is specified and estimated for tendering – this is documented by the project manager.
- Contractor's expressions of interest are sought against the specification, using appropriate method of tender. The Council's contract clauses (Section 14) must be included at this stage.
- Contractors are vetted and appraised. This may be by a pre-qualification questionnaire* and a credit report or through an approved framework arrangement where contractors are pre-vetted.
- Selected, interested contractors invited to tender and provided with the form of tender, the date and time for responding and the evaluation criteria.
- Returned tenders entered into the tender opening register, or time and date "stamped" on the electronic systems.
- Late or invalid tenders are returned.
- Valid tenders are formally evaluated.
- The tender evaluation and pricing is reported to the Executive Committee for decision.
- **First Internal Audit stage review.**
- The successful contractor is notified and unsuccessful contractors are notified together with anonymised tender evaluation results.
- The contract is signed and sealed.
- **Second Internal Audit stage review.**
- Once the contract commences, the appropriate contract documentation must be used, including where appropriate payment certificates, variations, extensions of time and completion certificates.
- Contract 50% complete in terms of cost.
- **Third Internal Audit stage review.**
- At practical completion, a project review is reported to the Capital Programme Group as set out in paragraph 13.
- Final account presented.
- **Fourth and final Internal Audit final stage review.**
- Final account paid.

*The Public Contracts Regulations 2015 abolished the pre-qualification stage for procurements below the EU thresholds, and introduced a requirement to have regard to guidance on qualitative selection issued by the Cabinet Office for above EU threshold procurements: <https://www.gov.uk/guidance/transposing-eu-procurement-directives>.

All procurement opportunities covered by these Contract Standing Orders must be advertised on the national Contracts Finder portal: <https://www.gov.uk/contracts-finder>. This is in addition to any other portals in use. Contract award information must subsequently be placed on Contracts Finder once the contract is awarded.

4. Options Appraisal

Any purchase or project must be subject to the principles of options appraisal and it is expected that the project manager will have considered the full implications and alternative means of achieving the same objective.

The resource spent on this and the level of documentation of this process will be proportionate to the value and type of the purchase or project.

Options appraisals will be undertaken for:

- all those with a total cost of £100,000 or more, or
- other projects below this as decided by Management Board.

Capital appraisals must be approved by the Capital Programme Group before any report to the Executive Committee and before inclusion in the Council's budget, and the appraisal must be approved before any expenditure has been incurred.

Revenue or service options appraisals will be reported to Management Board before any report to the Executive Committee.

5. Selection of Tenderers

Selecting tenderers is the stage in the procurement process when the competent contractors to bid are identified.

The selection process must incorporate an assessment of the contractors' capacity, including their financial and or economic standing and their technical or professional ability. By applying these rules, which reflect the above EU Treaty principles, the selection of competent contractors will be open and fair.

To determine the means for assessing whether prospective tenderers meet the minimum standards, officers should relate to the purpose, nature, quantity or importance of the contract. For contracts for works or services and goods involving installation, you can assess a supplier's technical ability by taking into account their skills, efficiency, experience and reliability.

Interest is invited through the Chest (electronic tendering portal) and through contact with existing and previous contractors where appropriate.

A pre-qualification questionnaire (PQQ) is a set of questions prepared to assist in assessing the suitability of prospective tenderers. They are used to draw up a list of suitable organisations to be invited to tender for a particular contract.

For tenders under the EU threshold, contracting authorities may not include a pre-qualification stage. However contracting authorities may ask candidates to answer suitable assessment questions if the question is relevant to the subject matter of the procurement and is proportionate. Suitability assessment questions relate to information or evidence which the contracting authority requires for the purpose of

assessing whether candidates meet minimum standards of suitability, capability, legal status or financial standing.

For tenders above the EU threshold, contracting authorities shall have regard to any guidance issued by the Cabinet Office relating to the completion of a PQQ; which may include guidance on how to establish and assess (without using questionnaires which infringe the suitability criteria) whether candidates meet requirements or minimum standards relating to suitability, capability, legal status and financial standing. Cabinet Office guidance: <https://www.gov.uk/guidance/transposing-eu-procurement-directives>.

Where a framework agreement is used, this must be approved by the Executive Committee. The selection process for contractors or suppliers must be equivalent to or higher than the evaluation that the Council would usually perform. The project manager should ensure that the selection and vetting process is fully documented and is as robust and challenging as the Council's own procedures to ensure that any risk to the Council is minimised through the framework.

6. Tendering

Tenders will be invited from a minimum of four competent contractors, unless otherwise approved by the Executive Committee.

The tender notice will include:

- a specification of the works or services required;
- the form of tender;
- the date and time for the submission of tenders;
- any details relevant to the tender submission;
- the date that the contract will be let from;
- the evaluation criteria to be used in awarding the contract; and,
- a note stating that the Council is not bound to accept any tender.

Tender invitations should be in a common format and include the standard form of tender and non-collusion certificate.

Sufficient invitation to tender should be issued to obtain a minimum of four tenders from competent contractors. Where there are many competent contractors and tenderers have to be selected (shortlisted) from those, a fair method should be used to ensure that the same contractors are not repeatedly invited to the exclusion of others.

7. Receipt and Opening of Tenders

Tenders will only be considered if they are returned by the time specified, in a plain envelope which is securely sealed, or through an approved electronic system, and bears only the word "Tender" followed by the subject to which the tender relates. The envelope must not bear any distinguishing matter or mark from which it would be possible to identify the tenderer. Written tenders shall be returned addressed to the Democratic Services Manager as required by the public notice or invitation to

tender and will remain in their custody after they have been received until the time appointed for opening.

Where tenders are not submitted through an electronic system, the envelopes or other packaging must be retained to identify the date and time of the tender being received.

To ensure the robustness and transparency of the tendering process, all tenders for a particular contract shall be opened at the same time by the project manager together with the Chairman or Vice-Chairman of the Executive Committee and the Democratic Services Manager; or their representatives as delegated. The opening of the tenders must be evidenced in the tender opening register, or by electronic means, and include the date and time of opening.

Tenders opened electronically shall be recorded in the tender opening register for completeness where these are opened by Council officers and Members.

Council tenders should not normally be opened by any other party without prior permission of the Executive Director or the Director of Resources.

8. Late / Invalid Tenders

Any tender received after the specified time for receipt or which does not comply with the tender instructions shall be returned to the tenderer by the Democratic Services Manager. Late tenders shall be opened by the Democratic Services Manager solely for the purpose of returning them to the sender.

9. Errors in Tenders

Where the tender is expressed as a total sum and an examination of the tender reveals errors or discrepancies which would affect the total the tenderer shall be given details of the error and discrepancies and given an opportunity of confirming or withdrawing their offer.

10. Acceptance of Tenders

Only valid tenders may be considered for the contract award; received on time and containing all relevant information. Any project manager assessing tenders must consider all of the valid tenders received in relation to that contract and evaluate them against the predetermined evaluation criteria. The tender evaluation is reported to the Executive Committee who then awards the contract based on the scores achieved against the evaluation performed.

11. Negotiated Contracts

Contracts may only be negotiated where tenders have been requested and no suitable tenders have been received or in exceptional situations where the nature of the contract or the risks involved do not permit overall pricing. In such situations Chief Officers must be consulted and will decide, in conjunction with the relevant Deputy Chief Officer, whether a negotiation process is appropriate and will receive

the results of all such negotiations to report to the Executive Committee for decision before entering into a contract.

12. Letting of Contracts

Contracts over £100,000 may only be awarded by the Executive Committee; these provisions exclude the specific exceptions in paragraph 15 below.

In cases where the Council may nominate a sub-contractor to a main contractor, these Contract Standing Orders shall apply to that nomination as they would to tendering procedures for ordinary contracts with the necessary modifications to wording. Detailed guidance and assistance must be obtained for any contract that is above the EU threshold. EU Procurement Directives must be complied with and best value must be demonstrated.

13. Extending Contracts

Where a service contract has no contractual option to extend, the Executive Committee can extend that contract for up to two years with the current contractor on the same basis, or a more beneficial basis to the Council. For works that are on a current or live contract, an extension or additional contract can be approved by the Executive Committee for similar works, in the same geographical area and at the original tender rate; subject to this not exceeding the £100,000 contract limit. There is a presumption against contracts being extended or granted in this way, and this must not be done if the additional goods, services or works could have been included in the original contract. Similarly a contract must not be extended under this paragraph where the combined value of the original and extended contract would exceed the EU threshold limit.

14. Project Review Report

A project review report should be submitted to the Capital Programme Group for contracts let under Contract Standing Orders.

Where a contract has exceeded the approved total costs by the lesser of 10% or £100,000, this will be reported to the Executive Committee in the capital programme update.

Housing planned maintenance project reviews are reported to the Housing Management Forum which then goes on to the Executive Committee.

The project review should be carried out once the project reaches practical completion.

15. Contract Clauses

All contracts awarded under these Orders must be made in writing, signed by both parties, retained by Legal Services, or electronically where authorisation can be recorded, and include the following:

- The works, supplies (goods), services, materials, matters or things to be carried out or supplied.
- The time within which the contract is to be performed.
- Quality requirements and/or standards which must be met.
- Requirements on the contractor to hold and maintain appropriate insurance.
- What happens in the event that the contractor fails to comply with its contractual obligations (in whole or in part).
- Requirements on the contractor to comply with all relevant equalities and health and safety legislation.
- Requirements on the contractor to comply with the Bribery Act 2010 and the Local Government Act 1972 section 117(2).
- The expectation to make use of the Council's Whistleblowing Policy and must bring it to the attention of all relevant employees and/or agents.
- The contractor must not assign, sub-contract, licence or otherwise dispose of any part of their rights or obligations under this contract without the Council's written consent.
- A performance bond, cash deposit or alternative security may be required when a contract exceeds £150,000 or if required by Chief Officers.
- The Council has a duty to disclose the details of contracts when requested under the Freedom of Information Act 2000.
- For any contracts involving the use/sharing of personal data the Council's Data Sharing Agreement must be completed and will form part of the contract.
- A provision to ensure prompt payment through the supply chain, for example:

"Where the Contractor enters into a Subcontract with a supplier or Contractor for the purpose of performing any of its obligations under this Agreement, the Contractor shall ensure that a provision is included in such Subcontract which requires payment to be made of all sums due by the Contractor to the Contractor Sub-Contractor within a specified period not exceeding 30 days from the receipt of a valid invoice."

Where a contract provides for a final payment or retention, there must be a further clause:

- The Final Account, or final payment, will be withheld by the Council until clearance by Internal Audit.

Additionally, where appropriate contracts must include terms for liquidated damages to be paid by the contractor in case of a default.

16. Exceptions to the Contract Standing Orders

Nothing in these Contract Standing Orders shall require tenders to be invited if:

- the Executive Director and Director of Resources in consultation with the Chairman or Vice-Chairman of the Executive Committee, determine that:
 - the relevant goods, work or services are required so urgently as to justify a departure from the rules; or
 - the works, goods or services are of a specialised nature and it would not be practicable to go to more than one contractor or supplier, or this would result in no genuine competition.
- Goods are purchased at auction.
- Works, goods or services are purchased through a consortium, framework, or similar body who operate under similar Codes of Practice or who can demonstrate selection of the best source of supply.
- Works, goods or services are purchased through a mini-competition within a framework.
- The Council is acting as an agent for another body who require their regulations to apply to the contract.

The exercise of any of these, and reasons for it, must be reported to the next meeting of the Executive Committee. For housing planned maintenance, the award through the framework or mini-competition must be reported to the next Housing Management Forum, which goes on to the Executive Committee.

Where the exceptions are exercised, the following criteria apply:

- Authorisation from the Executive Director or Director of Resources is documented.
- Contracts awarded through a consortium, framework or mini-competition within a framework, are awarded by officers.
- Contracts awarded through a consortium, framework or mini-competition within a framework, are reported to Members for noting.

17. Sealing of Documents

All contracts awarded under these Contract Standing Orders require sealing as confirmation of approval by the Executive Committee.

18. European Union

As a public sector body the Council is subject to the European Union (EU) Procurement Directives, which set out a legal framework for public procurement, the purpose of which is to open up the public procurement market and to ensure free movement of goods and services within the EU. The overriding principles of the

European Treaty in letting contracts include: Openness, Transparency and Equality of Treatment.

The current EU financial thresholds are valid from the 1st January 2016 (they are reviewed bi-annually). Value is based on a total likely spend for a particular project or in the case of a continuous need the likely spend requirement over 48 months.

The thresholds can be found on the website of the Official Journal of the European Union: <http://www.ojec.com/thresholds.aspx/> and are currently:

- £164,176 for Supply, Services and Design Contracts;
- £4,104,394 for Works Contracts.

When planning a project of this size, officers must allow sufficient time as an EU tender can take six months or more from start to finish. The steps and timescales involved are fixed. The additional time is needed to evaluate the expressions of interest; conduct supplier appraisals including financial issues; conduct site visits; allow presentations; tender evaluations and to take up references.

The Contract Standing Orders raise awareness of EU Regulations only. Officers must seek specific professional advice as deemed appropriate when undertaking contracts that fall above the EU thresholds for tendering.

EXECUTIVE COMMITTEE	(R) Agenda Item 10
Date of Meeting: 9th March, 2016	
Reporting Officer: Director of Resources	
<p>Title: Homeworking Policy Statement</p> <p>Summary and Conclusions:</p> <p>This report sets out the Council's proposed policy in relation to Homeworking.</p> <p>Recommendations:</p> <p>To recommend the Council to approve the Homeworking Policy Statement.</p>	

Report

Homeworking is where an employee's contractual place of work is in the home. It is the Council's policy not to offer homeworking as our workforce is small with low headcounts within services. The Council aims to maintain service delivery and availability without the pressure of reduced on-site resources.

Homeworking can bring benefits for some organisations, but there are many factors to consider when making the decision whether or not to have an employee working from home, either much or some of the time. Homeworking works best where the needs of the employer and the employee balance out.

The following assessment identifies that homeworking is not a suitable option for the Council at this time.

Factor	Consideration
Reduced overheads if office space can be decreased.	Homeworking would not reduce overheads.
Going green by cutting down on commuting.	Travel to work area would produce minimal savings. The Council offers subsidised car parking, cycle racks and is served by local buses and trains.

Factor	Consideration
Management and supervision of remote staff.	Additional task for managers. Employer would amend the employee's contract to reflect the homeworking agreement.
Availability for contact and need for on-site attendance.	Impact on scheduling and limited opportunity to call urgent meetings.
Staff development.	Personal development may be reduced as the employee is not always in the workplace.
Team building.	Reduced team cohesion and skills transfer.
Flexible working hours.	The Council operates a flexi-time scheme and has a Flexible Working Policy.
No increase in workload of colleagues.	The nature of ad hoc or urgent work could potentially exclude those not in the workplace. Any service dealing with face-to-face customers would immediately impact those remaining in the workplace.
Impact on service delivery and resilience.	The Council has minimised staffing resources to meet the challenges of reduced funding; reductions in presence would be detrimental in service delivery and resilience.
The employee's wellbeing – the employer is responsible for assessing health and safety in the part of the home where the employee will work.	Employer must carry out workplace health and safety risk assessment.
Working environment – layout, lighting, temperature and Council-owned equipment (furniture and IT kit).	Employer would procure or relocate and install IT equipment, services and software. Employer would check its insurance covers business equipment in the homeworker's home and a claim from a third party. Employer would install fire extinguisher. Employee would check home insurance covers homeworking and a claim from a third party. Employee responsible for physical security of furniture and equipment.
Extra costs initially setting up homeworking and ongoing inventory.	Additional costs that cannot be offset by any savings.

Factor	Consideration
Replenishment of paper, printer cartridges and other stationery.	Transportation costs and ongoing inventory.
Ongoing telephone or broadband allowance.	Not automatic, but would have to be considered. Additional cost that cannot be offset by any savings.
Remote IT support.	Employer must implement technical security measures. Employee must safeguard confidential information (data protection). Access to PSN is prohibited. Impact on IT Department; telephone support may lead to a home visit.
Other checks - planning permission and business rate checks need to be carried out.	Employee must check/inform mortgage provider or landlord that part of the premises will be used for homeworking. Employee must check/inform council tax if a room is dedicated to homeworking. Planning permission rarely applies.
Contact with colleagues.	Social interaction lost or reduced. Knowledge and experience no longer shared.
Contact with trade union representatives.	Union would be informed.
Scheme arrangements.	Application form and process. Consent form and checklist for both parties. Assessment process for: <ul style="list-style-type: none"> • Post • Employee • Home office Trial period and ongoing review by employer.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

The recommendation has no implications.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

EXECUTIVE COMMITTEE		Part One (R) Agenda Item 11
Date of Meeting:	9th March, 2016	
Reporting Officer:	Director of Resources	
<p>Title: Employer Discretions Policy</p> <p>Summary and Conclusions:</p> <p>This report sets out the Council’s updated policy in relation to pension scheme discretions available to the employer.</p> <p>Recommendations:</p> <p>To recommend the Council to approve the Employer Discretions Policy.</p>		

Report

The policy is attached as **Appendix 4** and has been updated for annual figures and also to note an expired discretion on 30 September 2014; *Power of Scheme employer to award additional membership.*

A new discretion has been added (pages 9-10):

Shared-cost APCs to buy back lost pension

(Regulation 16(16) of the LGPS Regulations 2013)

Members on the following types of leave which are not covered by APP are able to enter into an APC contract to buy back the lost CARE pension. If they make the election within 30 days of return, the employer must fund two-thirds of the cost. The employer has discretion to extend the 30 day deadline.

- Additional maternity leave during which no pensionable pay is received
- Additional adoption leave during which no pensionable pay is received
- Shared parental leave during which no pensionable pay is received
- Authorised unpaid leave (excluding strike leave)

If the individual leave period lasted longer than 36 months, the employer is only required to share the cost in relation to the first 36 months of the leave.

APP refers to Assumed Pensionable Pay, APC to Additional Pension Contributions and CARE to Career Average Revalued Earnings.

The Council's policy is proposed as:

Employer's policy:

The 30 days will commence from the date set out in the SCAPC notification letter which will be issued to the employee by the HR Department.

The Council has no intention of extending the 30 day deadline but may consider its use in exceptional cases in the future.

The HR Department will check that notices have been issued for all unpaid leave since 1st April, 2014, and will pick the days of unpaid leave going forward from the Managers' notifications.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

The recommendation has no implications.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

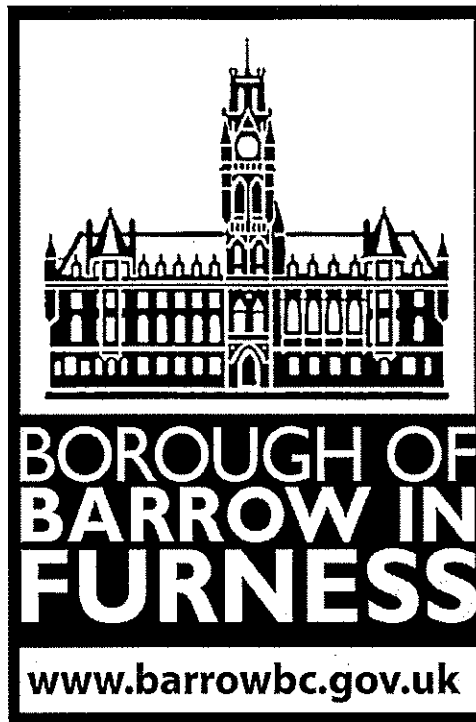
The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil



Employer Discretions Policy

Version Control:	
Document Name:	Employer Discretions Policy
Version:	24022016.1
Author:	Director of Resources
Approved by:	Executive Committee and Full Council
Date Approved:	March 2016
Review Date:	March 2017



EMPLOYER DISCRETIONS – STATEMENT OF POLICY

EMPLOYER NAME: Barrow Borough Council

The employer stated above has prepared this written statement of policy in relation to its exercise of certain discretionary functions available under the above regulations.

PART A – Mandatory policy statements – Formulation of policy in accordance with:

Regulation 60 of the Local Government Pension Scheme (LGPS) Regulations 2013

Paragraph 2 (2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008

Regulation 106 of the Local Government Pension Scheme Regulations 1997

PART A1 – Discretions from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers (excluding councillor members)

Power of Scheme employer to award additional pension

(Regulation 31 of the LGPS Regulations 2013)

An employer can grant extra annual pension of up to a maximum £6,675 (figure at 1 April 2015) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency. This maximum figure that can be initially awarded will be index linked and the level increased on the 1st April each year.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.



Power of Scheme employer to contribute towards the cost of a member purchasing additional pension

(Regulation 16 (2) (e) and 16 (4) (e) of the LGPS Regulations 2013)

Where an active Scheme member wishes to purchase extra annual pension of up to £6,675 (figure at 1 April 2015) by making Additional Pension Contributions (APCs), the employer may voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution. This maximum figure that can be initially purchased will be index linked and the level increased on the 1st April each year.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.

Flexible retirement

(Regulation 30 (6) and (8) of the LGPS Regulations 2013, Regulations 3 (5), 11(2) and 11(3) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

The Local Government Pension Scheme allows scheme members who have attained the age of 55 to draw all or part of their retirement benefits under flexible retirement arrangements even though they have not retired providing that:

- the employer consents, and
- there has been a reduction in hours, or
- a reduction in grade.

Specifically where the employer consents to flexible retirement then, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), the employer can also allow the member to choose to draw all, part or none of the pension benefits they accrued after 31 March 2008.

However, benefits taken on flexible retirement will be subject to a potential actuarial reduction if they are being drawn earlier than the members normal retiring age (flexible retirement provisions may be operated for members potentially up to a member's 75th birthday). The reductions applied will be in accordance with guidance issued by the government actuary. Employers can if they choose waive, in whole or in part, any reductions that might apply.



Employer's policy:

The Council will consider requests for flexible retirement on a case by case basis and only where it is in the best interests of the Council. The Council would normally expect the additional costs to be recovered within three years of the termination date.

All applications will be considered by the Management Board and approved by the Executive Committee or Council as required.

In such cases where the early release of pension benefits is approved, an actuarial reduction factor will be applied to the pension benefits unless the Member satisfies the "Rule of 85" or the Council decides to waive the reduction.

Early retirement and waiving actuarial reductions

(Schedule 2 paragraphs 1(2), 2(1), 2(2) and Regulation 3 (1) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 30(8) of the LGPS Regulations 2013 and regulation 30(5) and 30A(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

If a member leaves a local government employment before he is entitled to the immediate payment of retirement benefits, then if he is age 55 or more (or having attained age 55 and have previously been awarded deferred benefits after 01 April 2014) he may choose to receive payment of them immediately.

Any benefits payable may be reduced as appropriate in accordance with guidance issued by the Government Actuary. Employers can if they choose waive, in whole or in part, any reductions that might apply and the employer must pay to the Pension Fund a sum representing the capital cost of waiving those reductions.

Due to the complexity in the level of protected benefits that now apply to different members, establishing what level of benefits can be waived can be difficult. Appendix 1 lists the options available to employers in terms of the level of reductions that can be waived and the grounds under which they may be waived.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.



PART A2 – Discretions in relation to scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014 (excluding councillor members)

Power of Scheme employer to award additional membership

(Regulation 3 (10) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and regulation 12 of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

An employer can within 6 months of the date of termination grant extra membership in the pension scheme to a Scheme member whose employment was terminated before 1 April 2014 on the grounds of redundancy or business efficiency. Note that this is a time limited discretion which expires on 30 September 2014 for those whose employment is terminated on 31 March 2014.

Employer's policy:

This discretionary power has now expired.

Early release of deferred benefits with employer consent

(Regulations 30(2), (5), 30A(3) and (5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

A policy decision concerning early release of benefits needs to be made in relation to members who have left the scheme between 1 April 2008 and 31 March 2014 with deferred benefits (or suspended tier 3 benefits) who make an application to release benefits on or after age 55 and before age 60.

In addition a further policy decision is required to determine whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.

Employer's policy:

Applications for early release of benefits from members aged between 55 and 60 will only be accepted in cases where it can be demonstrated as being in the Council's best interests.

All applications will be considered by the Management Board and approved by the Executive Committee or Council as required.



In such cases where the early release of pension benefits is approved, an actuarial reduction factor will be applied to the pension benefits unless the Member satisfies the "Rule of 85" or the Council decides to waive the reduction.

PART A3 – Discretions in relation to scheme members who ceased active membership on or after 1 April 1998 and before 1 April 2008 and active councillor members and councillor members who ceased active membership on or after 1 April 1998

Early release of deferred benefits with employer consent

(Regulations 31(2) and (5) of the LGPS Regulations 1997)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme between 1 April 1998 and 31 March 2008 with deferred benefits and councillor members who left after 1 April 1998 who make an application to release benefits on or after age 50* and before age 60.

In addition a further policy decision is required to determine whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.

*It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.

PART A4 – Discretions in relation to scheme members who ceased active membership before 1 April 1998

(Regulation D11(2) (c) of the LGPS Regulations 1995)

A policy decision concerning early release of benefits needs to be made in relation to active members who have left the scheme before 1 April 1998 who make an application on compassionate grounds to release benefits on or after age 50* and before age 60. Under these rules the sole discretion for an employing authority is that they may determine on compassionate grounds that benefits are to become payable on an unreduced basis.



*It should be noted that benefits paid on or after age 50 and before age 55 would be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, a Scheme sanction charge will not be payable.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.



PART B – Formulation of policy in accordance with further discretions under the Local Government Pension Scheme Regulations 2013

As highlighted in the employer bulletin, there are a number of other discretions which Scheme employers may exercise under the LGPS Regulations 2013. There is, however, no requirement to have a written policy in respect of these. However the following areas of discretion would be useful for scheme members, in order for them to establish the clear policy intention that the employers hold in these particular areas.

Shared Cost Additional Voluntary Contributions (SCAVCs)

(Regulation 17 of the LGPS Regulations 2013, Regulations 15(1)(d) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 25(3) of the LGPS (Administration) Regulations 2008 and Regulation 15(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)

An active member may elect to pay AVCs into a scheme established under contract between his appropriate administering authority and a body approved for the purposes of the Finance Act 2004.

An employer can, at its discretion, contribute to the AVC scheme and where they do the AVC scheme is known as a shared cost additional voluntary contributions arrangement (SCAVC). An employer should establish whether, how much and in what circumstances to either continue with an existing SCAVC or enter into a new SCAVC.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.

Late transfer requests

(Regulation 100(6) and 22(7) and (8) of the LGPS Regulations 2013)

The Local Government Pension Scheme Regulations allow for the acceptance of transfer value payments into the fund (subject to the Pension Fund administering authorities approval) to enable members to transfer pension rights accrued prior to joining the scheme into the LGPS, and thereby count additional pension. This election should be made within 12 months of first joining the LGPS in the employment.



The discretion allowed under regulation 100(6) relates to the acceptance of transfers relating to non LGPS membership, where the member makes a request after the expiry of the first 12 months of joining the LGPS.

Previous LGPS rights are automatically aggregated unless an election to keep those accrued benefits separate is received. Regulations 22 (7) and (8) allow an employer to extend the 12 month time limit within which a Scheme member who has a deferred LGPS benefit in England or Wales following the cessation of employment (or cessation of a concurrent employment) to elect not to have the deferred benefits aggregated with their new LGPS employment (or on-going concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership).

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.

Contributions payable by active members

(Regulation 9 and 10 of the LGPS Regulations 2013)

An active member shall make contributions to the Scheme at the relevant contribution rate, from his pensionable pay, in each employment in which he is an active member. The contribution rate to be applied to his pensionable pay in any financial year is the rate determined by the employer with reference to the tiered contribution pay bands stated in the regulations.

Where there is a material change to a member's pensionable pay in the course of a financial year, the employer may re-determine the contribution rate to be applied.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.



Assumed Pensionable Pay

(Regulation 21(4) and (5) of the LGPS Regulations 2013)

Whether or not, when calculating assumed pensionable pay when a member :

- is on reduced contractual pay or no pay on due to sickness or injury, or
- is absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity or adoption leave, or
- is absent on reserve forces service leave, or
- retires with a Tier 1 or Tier 2 ill health pension, or
- dies in service

to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred. A 'regular lump sum payment' is a payment for which the member's employer determines there is a reasonable expectation that such a payment would be paid on a regular basis.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.

Shared-cost APCs to buy back lost pension

(Regulation 16(16) of the LGPS Regulations 2013)

Members on the following types of leave which are not covered by APP are able to enter into an APC contract to buy back the lost CARE pension. If they make the election within 30 days of return, the employer must fund two-thirds of the cost. The employer has discretion to extend the 30 day deadline.

- Additional maternity leave during which no pensionable pay is received
- Additional adoption leave during which no pensionable pay is received
- Shared parental leave during which no pensionable pay is received
- Authorised unpaid leave (excluding strike leave)

If the individual leave period lasted longer than 36 months, the employer is only required to share the cost in relation to the first 36 months of the leave.



Employer's policy:

The 30 days will commence from the date set out in the SCAPC notification letter which will be issued to the employee by the HR Department.

The Council has no intention of extending the 30 day deadline but may consider its use in exceptional cases in the future.



PART C – Mandatory policy statement* – Formulation of policy in accordance with:

Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Regulation 26 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Regulation 14 of the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

*The mandatory requirements for a written policy under these regulations do not extend to employers whose employees are members of the LGPS by virtue of an admission agreement however as the provisions still apply it would be deemed appropriate for a policy statement to be in place

PART C1 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

Redundancy and Compensation Payments

(Regulation 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006)

These regulations provide a discretionary power to award a one-off lump sum payment of up to 2 years pay (104 weeks), inclusive of any redundancy payment made. This applies to any member who terminates their employment on the grounds of redundancy, efficiency or in the case of a joint appointment (not job shares) where termination arises because the other holder of the joint appointment has left it.

The provisions apply to all employees who are eligible for participation in the LG Pension Scheme, whether or not they are current members of the scheme.

There is also a discretionary power to waive the weekly pay ceiling placed on statutory redundancy payments and to calculate, instead, on pay up to the actual week's pay.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.



PART C2 – Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000

Redundancy and Compensatory Added Years payments

(Regulation 17,19,21 and 25 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000)

Prior to the 2006 discretionary regulations employers could award employees additional service following a redundancy or efficiency retirement where that employee was over age 50. Although this facility is no longer available to current active employees, there are still discretionary decisions to be made in respect of employees who are already in receipt of additional service. These include:

- How to apportion any surviving spouse's or civil partners annual compensatory added years payment where the deceased person is survived by more than one spouse or civil partner.
- How the annual added years will be apportioned amongst any eligible children.
- Whether, in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998, the normal pension suspension rules should be ignored i.e. whether the spouse's or civil partner's annual compensatory added years payments should continue to be paid or if the authority's policy is to apply the normal suspension rules, whether the spouse's or civil partner's annual compensatory added years payment should be reinstated after the end of the remarriage, new civil partnership or cohabitation.
- Whether and to what extent to reduce or suspend the member's annual compensatory added years payment during any period of re-employment in local government and how to reduce the member's annual compensatory added years payment following the cessation of a period of re-employment in local government.

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.



PART C3 – Discretions in relation to the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

Injury Allowance payments

(Regulations 3 to 7 of the Local Government (Discretionary Compensation) (Injury Allowances) Regulations 2011)

Under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 Scheme employers must formulate, publish and keep under review a policy on:

a) whether or not to make an injury award to those who sustain an injury or contract a disease as a result of anything they were required to do in performing the duties of their job and in consequence of which they:

- suffer a reduction remuneration, or
- cease to be employed as a result of an incapacity which is likely to be permanent and which was caused by the injury or disease, or
- die leaving a surviving spouse, civil partner or dependant, and

b) if the Scheme employer has a policy to make such payments, how it will determine the amount of injury allowance to be paid

Employer's policy:

The Council has no intention of using this discretionary power but may consider its use in exceptional cases in the future.



Declaration

It is understood that the above discretions are applicable to all eligible members of the Scheme. In respect of the mandatory policy requirements, a written statement should be published indicating the policy which is being applied by that employer in the exercise of its functions. A copy of the scheme employer's policy decisions should be sent to Your Pension Service within one month of the date the policy is revised.

Any change to the discretions exercised under the LGPS Regulations can take immediate effect from the date the Scheme employer agrees the change.

Any change to the discretions exercised under the Discretionary Compensation Regulations 2000, the Discretionary Compensation Regulations 2006 or the Injury Allowances Regulations 2011 cannot take effect until one month after the date the Scheme employer publishes a statement of its amended policy.

The policies made above:

- i. Must have regard to the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service;
- ii. Will not be used for any ulterior motive;
- iii. Will be exercised reasonably;
- iv. Will only be used when there is a real and substantial future benefit to the employer for incurring the extra costs that may arise;
- v. Will be duly recorded when applied.

Signed on behalf of the Employing Authority:

Name in Block Capitals: S M ROBERTS

Position: Director of Resources and Section 151 Officer

Employing Authority: Barrow Borough Council

Date: 23rd March 2016

Appendix 1 – if voluntarily retiring
If there is an actuarial reduction regarding the particular tranche of membership, the employer has the right to -

	Group 1	Group 2	Group 3	Group 4
Part A	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.
Part B1	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all or none on this on compassionate grounds.
Part B2	Waive all or none on compassionate grounds.	Waive all or none on compassionate grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.
Part C	Waive all, some or none on any grounds.	Waive all or none on compassionate grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.
Part D1	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.	Waive all, some or none on any grounds.

Part A = membership to 31 March 2008

Part B1= membership 1 April 2008 to 31 March 2014

Part B2 = membership 1 April 2014 to 31 March 2016

Part C = membership 1 April 2016 to 31 March 2020

Part D1 = membership 1 April 2020 onwards

Group 1 member = a member who was an active member prior to 1 October 2006 and who was born on 31 March 1956 or earlier

Group 2 member = a member who was an active member prior to 1 October 2006, was born between 1 April 1956 and 31 March 1960 inclusive, and who would reach their CRA by 31 March 2020

Group 3 member = a member who was an active member prior to 1 October 2006 and who is not a Group 1 or Group 2 member

Group 4 member = a member who was not a member prior to 1 October 2006.

if member retires on flexible retirement, the employer may waive all, some or none of any reduction on any grounds.

EXECUTIVE COMMITTEE		Part One (R) Agenda Item 12
Date of Meeting:	9th March, 2016	
Reporting Officer:	Director of Resources	
<p>Title: Establishment Changes</p> <p>Summary and Conclusions:</p> <p>This report sets out two changes to the Council's establishment.</p> <p>Recommendations:</p> <p>To recommend the Council:-</p> <ol style="list-style-type: none"> 1. To approve the deletion of post DES015 with effect from 1st April, 2016; and 2. To approve the creation of a Market Supervisor post on Scale 5, part time on 22.5 hours per week. 		

Report

The Early Retirement/Voluntary Redundancy Panel met on 22nd February, 2016, and approved an application from post holder DES015. Members are asked to recommend that Council delete post DES015 with effect from 1st April, 2016.

In supporting the application, Management Board assessed the work performed by the post holder and concluded that a part time Market Supervisor would be required to deal with the day-to-day running of Barrow Market. Also that event management services would be required from time to time and that other duties could be reallocated with no impact on the establishment of the Council.

Members are asked to recommend that Council create a Market Supervisor post on Scale 5, part time on 22.5 hours per week (3 days). The post holder would primarily deal with lettings, tenants and generating income, as well as ensuring that adequate staffing is in place at all times.

These changes will generate a revenue budget saving of £24,420.

(i) **Legal Implications**

The recommendation has no legal implications.

(ii) **Risk Assessment**

The recommendation has no significant implications.

(iii) Financial Implications

The recommendation generates a saving in the revenue budget.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

EXECUTIVE COMMITTEE	(R) Agenda Item 13
Date of Meeting: 9th March, 2016	
Reporting Officer: Director of Resources	
<p>Title: Election Volunteers</p> <p>Summary and Conclusions:</p> <p>This report proposes the award of a pro-rata day of annual leave for direct employees who volunteer for election duty (excluding 'the count' on its own).</p> <p>Recommendations:</p> <p>To recommend the Council to approve the award of a pro-rata day of annual leave for direct employees who volunteer for election duty as:</p> <ul style="list-style-type: none"> • a Presiding Officer; • a Poll Clerk; • a Polling Station Inspector; or • is an officer of the Electoral Staff working on polling day. 	

Report

The Council recognises that there are a number of employees who volunteer for election duty and that is much appreciated. The number of volunteers has been slightly down, initially, for recent elections leading to further requests being issued by the Executive Director.

Given the importance of the election responsibilities placed on the Council and the Returning Officer, Management Board would like to propose that where a direct employee volunteers as:

- a Presiding Officer;
- a Poll Clerk;
- a Polling Station Inspector; or
- is an officer of the Electoral Staff working on polling day

that a pro-rata day of annual leave is awarded in recognition of their contribution in allowing the Council to meet its responsibilities.

It is hoped that the additional benefit available for election duties will retain the current pool of volunteers and will hopefully encourage repeated and new applications in the future.

The pro-rata day of annual leave would be based on each employees working hours, for example (Thursday is normally a 7 ½ hour day):

- a full time employee would be awarded a full day
- $7\frac{1}{2}\text{ hours}/37\text{ hours} \times 37\text{ hours} = 7\frac{1}{2}\text{ hours}$
- a part time employee working 18 ½ hours would be awarded 3 ¾ hours
 $7\frac{1}{2}\text{ hours}/37\text{ hours} \times 18\frac{1}{2}\text{ hours} = 3\frac{3}{4}\text{ hours}$
- a part time employee working 20 hours would be awarded 4 hours
 $7\frac{1}{2}\text{ hours}/37\text{ hours} \times 20\text{ hours} = 4\text{ hours}$
- a part time employee working 10 hours would be awarded 2 hours
 $7\frac{1}{2}\text{ hours}/37\text{ hours} \times 10\text{ hours} = 2\text{ hours}$

The HR Department will calculate the pro-rata holiday entitlements and provide those to the Democratic Service Manager.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

The recommendation has no financial implications.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

EXECUTIVE COMMITTEE	(R) Agenda Item 14
Date of Meeting: 9th March, 2016	
Reporting Officer: Director of Resources	
<p>Title: Medium Term Financial Plan 2016-2020</p> <p>Summary and Conclusions:</p> <p>This report sets out the updated projections of the Medium Term Financial Plan 2016-2020. The Medium Term Financial Strategy is to eliminate the budget deficit through the Budget Strategy 2016-2020 currently being developed.</p> <p>Recommendations:</p> <p>To recommend the Council:-</p> <ol style="list-style-type: none"> 1. To approve the Medium Term Financial Plan 2016-2020 financial projections and assumptions; and 2. To approve the updated Reserves and Balances policy. 	

Report

Medium Term Financial Strategy

The Medium Term Financial Strategy is to continue the Budget Strategy aim of eliminating the deficit in the core budget. This will require the continued use of reserves to control the pace of change and achieve longer term financial resilience.

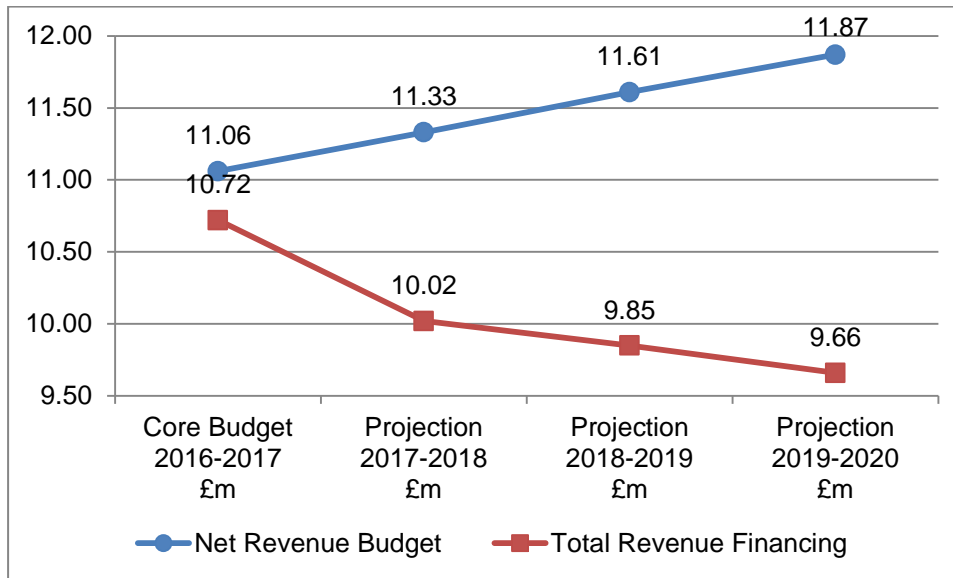
Medium Term Financial Plan 2016-2020

The Medium Term Financial Plan has been projected until 2019-2020; the end of the Spending Review. To project beyond that year, the impact of the Business Rate Retention Scheme changes and the end of Revenue Support Grant will need to be further clarified to allow robust estimates to be made.

The Medium Term Financial Plan identifies the core budget for 2016-2017 rather than the balanced budget agreed by Members. This is to remove the use of reserves from the core budget, leaving recurring items to project year on year. Fully funded one-off projects are also eliminated as are parish precepts (to leave the Borough Council Tax element clearly visible).

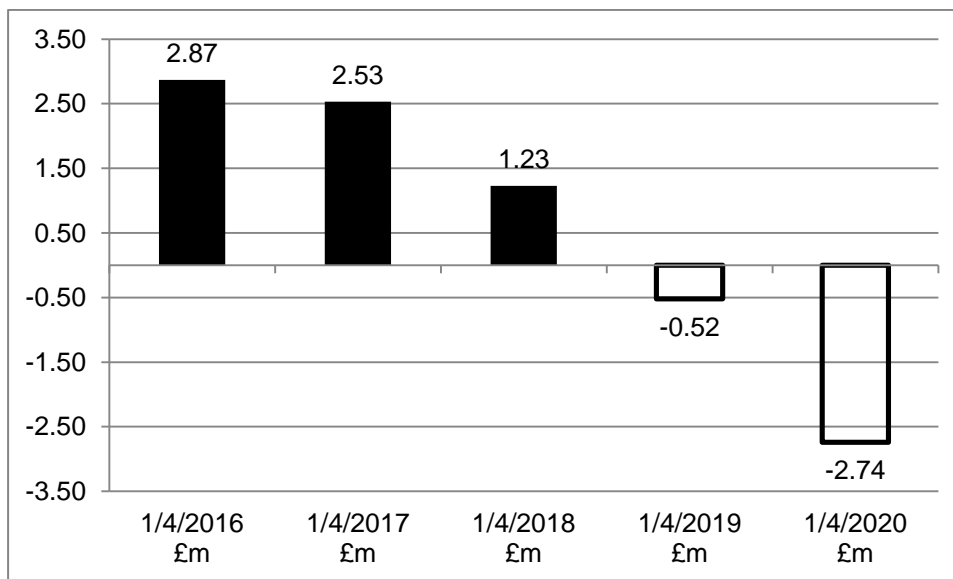
The core budget for 2016-2017 produces a deficit of £334,570 being funded from the Medium Term Financial Plan Support reserve.

The assumptions used to produce the Medium Term Financial Plan are set out in **Appendix 5**. The projections for 2017-2018, 2018-2019 and 2019-2020 are shown in subjective detail at **Appendix 6**. The funding gap is shown in the following chart:



The annual deficits are 2016-2017 £0.34m; 2017-2018 £1.31m; 2018-2019 £1.76m; 2019-2020 £2.21m.

The Medium Term Financial Plan Support reserve stands at £2,870,000 at the 1st April, 2016. If no action was to be taken and the annual deficits fall to the reserve, this would be depleted part-way through 2018-2019. This is a clear indication that eliminating the deficit in earlier years is paramount in order to set balanced budgets across the medium term.



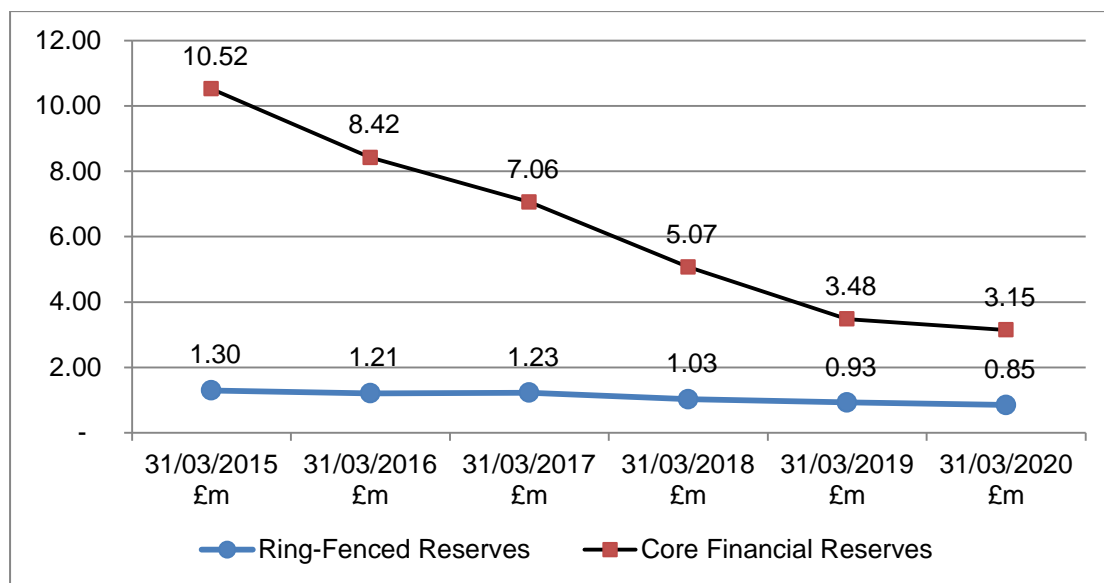
Purely for explanation, if no action was taken and the reserve used to balance the budget, it is £2,739,710 short of enabling that to occur.

The deficit to eliminate from the core budget, as soon as possible, is £2,217,540. Policy decisions when setting the Budget Strategy will aim to eliminate the core deficit and ensure the Council’s continued financial sustainability into future years.

At this Committee on 20th January, 2016, Members were informed that “the 2019-2020 deficit would be around £1.5m beyond the savings already estimated within the Medium Term Financial Plan”. There were significant savings built into the Medium Term Financial Plan which have now been removed in order to be evaluated as part of the Budget Strategy. The £2.2m deficit is the starting point for the Budget Strategy which must address future resilience as well as savings, efficiencies and reductions.

Reserves

The General Fund financial reserves are projected to reduce by £7.82m over the period 31/3/2015 (the last financial year closed) to 31/3/2020:



The minimum General Fund balance is calculated annually and currently stands at £2.3m. The updated Reserves and Balances Policy is attached as **Appendix 7**.

The losses reserve also has a minimum value and that is currently £0.63m:

- partial exemption VAT threshold £0.17m;
- MMI scheme of arrangement £0.21m; and
- Uninsured losses £0.25m.

The list of reserves across the medium term is attached as **Appendix 8**.

The reserves as forecast are excluded from the Medium Term Financial Plan as the items funded are not part of the recurring budget.

Reserves will be formally reviewed again as part of the Statement of Accounts for 2015-2016.

The ring-fenced property reserve is held at £0.85m at the end medium term; this remains separate and is not currently available to the General Fund.

The split of the £4m financial reserves at the 31st March, 2020, is projected to be:

- General Fund balance £2.30m
- Service transformation £0.10m
- Losses reserve £0.63m
- Budget contingency £0.11m
- Other reserves £0.01m
- Ring-fenced properties £0.85m

Where early savings can be made, the Medium Term Financial Plan Support reserve may be carried forward or reallocated to bolster other reserves as they are depleted. As a priority any reserves available to reallocate, or funds able to be added to reserves, should be earmarked to mitigate any adverse impacts from Business Rate Retention; this will be reviewed when closing the 2015-2016 accounts.

Members are asked to recommend that Council approve the Medium Term Financial Plan 2016-2020 financial projections and assumptions and approve the updated Reserves and Balances policy.

(i) Legal Implications

The recommendation has no significant implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

The financial implications are set out in the body of the report.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Wellbeing Implications

This recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

Medium Term Financial Plan - Assumptions

The following table sets out the assumptions used to produce the Medium Term Financial Plan projections for 2016-2020:

Item	Assumption
General	
Reserves	Excluded
Funded projects	Excluded
Services	No service reductions
Services	No demand-led increases assumed
Services	No alternative delivery models
Staff Pay	
Establishment	Static
Incremental advances	Employee progression and National Living Wage
Superannuation current service rate	No change
Pay award	1% on each year
Property	
Electricity, gas and water	5% increase each year
NNDR	3.1% increase each year
Supplies and Services	
Grants to external bodies	Transition ends with 2016-2017 and 50% awarded thereafter
CTS grant to Parishes	Fixed at 2016-2017 figures
Contracts	
Revenues, benefits and customer services contract	Increase by RPI forecast each year
Building cleaning contract	1.7% increase each year
Grounds maintenance contract	3.2% increase each year
Waste and street cleansing	1.8% increase each year
Contract renewals	No cost increase included
Contract renewals	No cost saving assumed
External Income	
Discretionary income	2.5% increase each year
Recycling	No reduction in tonnage
Recycling reward scheme	3% increase in rate each year

Item	Assumption
Internal Income	
Support services charged to HRA	Not increased
External Interest Earned	
Temporary surplus cash	Reducing by £3m each year
Investment income rate	Based on bank rate forecasts
External Interest Paid	
PWLB interest	HRA maturing loans repaid
Borrowing (cash requirement)	No new borrowing drawn down
Minimum Revenue Provision	
Borrowing (financing only)	Based on agreed Capital Programme
Pension Deficit Funding	
Pension deficit funding (not ongoing superannuation)	4.1% increase each year
Total Revenue Financing	
Revenue Support Grant	From the settlement
Retained business rates	Increased by SBRR multiplier each year
Retained business rates	No loss of rateable value
Retained business rates	No impact from 2017 revaluation
Retained business rates	No exceptional increase in RV appeals
Retained business rates	No reduction in the collection rate
Retained business rates tariff	From the settlement
S31 grants for business rate reliefs	Assumed to continue
Retained business rates levy	Assumed to continue
Retained business rates pool	Pool membership continues
New Homes Bonus	No new award included
Council tax	No reduction in the collection rate
Council tax base	1% increase each year
Council tax band D	£5 increase each year
Parish precepts	Excluded
LCTRS – default scheme	Continued
Prior year Collection Fund result	2016-2017 only
All Other Items	
Not specifically mentioned above	Efficiencies will maintain the cost envelope

Medium Term Financial Plan
Projections 2016-2020

	Core Budget 2016-2017	Projection 2017-2018	Projection 2018-2019	Projection 2019-2020
	£	£	£	£
Staff Pay	4,725,030	4,791,590	4,896,370	5,002,910
Other Staff Costs	82,570	82,570	82,570	82,570
Transport	94,870	94,570	94,570	94,570
Property	1,931,750	1,967,750	2,005,200	2,044,160
Supplies and Services	2,164,190	2,166,690	2,166,690	2,166,690
Contracts	6,767,720	6,898,120	7,068,960	7,244,440
Benefits	21,360,190	21,360,190	21,360,190	21,360,190
Benefit Grants	(21,241,030)	(21,241,030)	(21,241,030)	(21,241,030)
External Income	(6,542,800)	(6,547,600)	(6,616,600)	(6,687,370)
Direct Costs	9,342,490	9,572,850	9,816,920	10,067,130
Internal Income	(856,910)	(830,950)	(830,950)	(830,950)
Capital Charges	1,605,870	1,605,870	1,605,870	1,605,870
Indirect Costs	748,960	774,920	774,920	774,920
Net Expenditure	10,091,450	10,347,770	10,591,840	10,842,050
External Interest Earned	(80,000)	(99,000)	(127,000)	(125,000)
External Interest Paid	584,640	584,640	584,640	584,640
Minimum Revenue Provision	868,340	850,510	864,120	825,200
Depreciation Reversal	(1,605,870)	(1,605,870)	(1,605,870)	(1,605,870)
Pension Deficit Funding	1,199,750	1,248,940	1,300,150	1,353,460
Net Revenue Budget	11,058,310	11,326,990	11,607,880	11,874,480
Revenue Support Grant	(2,703,590)	(2,079,210)	(1,688,400)	(1,251,880)
Retained Business Rates	(9,589,020)	(9,777,620)	(10,066,060)	(10,387,790)
Retained Business Rates Tariff	6,332,710	6,457,270	6,647,760	6,860,230
Business Rate S31 Grants	(332,430)	(339,730)	(350,530)	(362,530)
Retained Business Rates Levy	330,930	342,200	352,300	363,560
Business Rates Pool	(154,380)	(157,410)	(162,060)	(167,240)
New Homes Bonus	(466,940)	(309,070)	(291,710)	(277,130)
Council Tax	(4,025,420)	(4,159,380)	(4,295,620)	(4,434,160)
Prior Year Council Tax Surplus	(115,600)	0	0	0
Total Revenue Financing	(10,723,740)	(10,022,950)	(9,854,320)	(9,656,940)
Deficit	334,570	1,304,040	1,753,560	2,217,540
MFTP Support Reserve	2,535,430	1,231,390	(522,170)	(2,739,710)

Deficit to eliminate prior to 2018-2019 £2,217,540; £2.2m.



Reserves and Balances Policy

Legislative and Regulatory Framework

The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Local authorities may also ' earmark ' specific parts of the General Fund reserve; these are referred to as Earmarked Reserves.

There are a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:

- the balanced budget requirement: sections 31A, 42A of the Local Government Finance Act 1992, as amended
- Director of Resources' duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the authority is considering its budget requirement
- the legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the Director of Resources / proper officer has responsibility for the administration of those affairs section 151 of the Local Government Act 1972
- the requirements of the Prudential Code.

These requirements are reinforced by section 114 of the Local Government Finance Act 1988 which requires the Director of Resources in England and Wales to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. Indeed, the authority's full council must meet within 21 days to consider the s114 notice and during that period the authority is prohibited from entering into new agreements involving the incurring of expenditure.

Whilst it is primarily the responsibility of the local authority and its chief financial officer to maintain a sound financial position, external auditors will confirm that there are no material uncertainties about going concern. Even where as part of their wider role auditors have to report on an authority's financial position, it is not their responsibility to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.



CIPFA's Prudential Code requires Director of Resources in local authorities to have full regard to affordability when making recommendations about the local authority's future capital programme. Such consideration includes the level of long term revenue commitments. Indeed, in considering the affordability of its capital plans, the authority is required to consider all of the resources available to it/estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years.

Types of Reserve

When reviewing medium term financial plans and preparing annual budgets local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- a means of building up funds, often referred to as earmarked reserves to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.

Financial Reporting for Reserves

The IFRS-based *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) introduced the Movement in Reserves Statement to local authority financial statements in the 2010-2011 financial year. This Statement presents the movement in the year of the reserves of the authority analysed into usable reserves, (such as General Fund, HRA Balances and earmarked reserves) and unusable reserves.

Unusable reserves arise out of the interaction of legislation and proper accounting practice either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. These reserves, which are not resource-backed and cannot be used for any other purpose, are described below:

Revaluation Reserve

- The Revaluation Reserve - this is a reserve that records unrealised gains in the value of property, plant and equipment. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or when assets are revalued downwards or disposed of. Local authorities might benefit from these gains in the future from the continued use of the assets or from their sale. The Reserve contains only revaluation gains accumulated



since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Adjustment Accounts

- The Pensions Reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net change in the authority's recognised liability under the Code's adoption of IAS 19 – *Employee Benefits*, for the same period. A transfer is made to or from the pensions reserve to ensure that the charge to the General Fund reflects the amount required to be raised in taxation. For example, the debit balance on the Reserve shows that an authority has made commitments to fund pensions that the Government has permitted it to fund from contributions to be made in future years.
- The Capital Adjustment Account - this is a specific accounting mechanism used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system. Statute requires that the charge to the General Fund is determined by the capital controls system. For example, the credit balance on the Account shows that an authority has generally financed capital investment in advance of receiving the benefits of that investment. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.
- The Financial Instruments Adjustment Account – this is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the Housing Revenue Account Fund. For example, the debit balance on the Account shows that an authority has incurred expenses on borrowings that the Government has permitted it to spread over future years.
- Collection Fund Adjustment Account – this is a specific accounting mechanism used to reconcile the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement to those amounts required to be charged by statute to the General Fund. For example, the credit balance on the Account shows that more tax has been collected on behalf of the authority and the precepting bodies (and central government for non-domestic rates income) than an authority is permitted to transfer out of the Collection Fund by 31 March.
- The Accumulated Absences Adjustment Account – this is a specific accounting mechanism used to absorb the differences that would otherwise arise on the General Fund and Housing Revenue Account Balances from



accruing for compensated absences earned but not taken in the year, this is annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Fund Balances is neutralised by transfers to or from the Account.

Other such reserves may be created in future where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation.

In addition authorities will hold the following usable reserves:

- Major Repairs Reserve –this reserve records the unspent amount of HRA balances for capital financing purposes in accordance with statutory requirements for the Reserve.
- Capital Receipts Reserve – this reserve holds the proceeds from the sale of assets, and can only be used for those purposes specified in the capital finance and accounting regulations.
- Capital Grants Unapplied Reserve – this reserve holds capital grants that have been received but have yet to be used to finance capital expenditure. Amounts are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The Code recommends that earmarked reserves are reported on the face of the Movement in Reserves Statement. Particularly significant movements might need to be reported individually on the face of the Statement to ensure key messages are presented clearly to users.

When establishing reserves, local authorities need to ensure that they are complying with the Code and in particular the need to distinguish between reserves and provisions.

The introduction of the IFRS-based Code on 1 April 2010 has meant that grant income should be recognised in the Comprehensive Income and Expenditure Statement (and therefore against the General Fund or HRA Balances for revenue grants) where grant payment is unconditional or grant conditions have been satisfied. The Code Guidance Notes recommend that where these grants have been received prior to the expenditure having taken place authorities should consider establishing earmarked reserves. This will ensure that amounts are set aside from the General Fund and HRA balances in earmarked reserves to provide financing to meet the requirements of the grant. The amounts set aside will be posted back from earmarked reserves to meet General Fund and HRA expenditure in future years. It is likely therefore that since the introduction of the IFRS-based Code there is an increased tendency to hold earmarked reserves.

The statutory reporting regime described earlier and effective financial management underpin the need for clear, transparent reporting arrangements for reserves and therefore in addition to the financial reporting requirements above, it is recommended that for each earmarked reserve held by a local authority there should be a clear protocol setting out:

- the reason for / purpose of the reserve;
- how and when the reserve can be used;
- procedures for the reserve's management and control; and
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

Principles to Assess the Adequacy of Reserves

In order to assess the adequacy of unallocated general reserves when setting the budget, Director of Resources should take account of the strategic, operational and financial risks facing the authority. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings. Statutory provisions require authorities to review at least once in a year the effectiveness of their system of internal control, which will include risk management. The CIPFA/SOLACE framework *Delivering Good Governance in Local Government* details an approach to giving assurance that risk, control and governance matters are being addressed in accordance with best practice.

The Codes of Audit Practice make it clear that it is the responsibility of the authority body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks should be assessed in the context of the authority's overall approach to risk management.

Budget Assumptions	Financial standing and management assessment/impact
The treatment of inflation and interest rates.	<p>The overall financial standing of the authority (level of borrowing, debt outstanding, council tax collection rates and so on). Rises in the prices of some commodities, such as fuel, highlight the relevance of using a number of inflation rates in the budget and financial strategy, and considering whether general reserves are adequate to deal with unexpected increases.</p> <p>Volatility in the financial markets also points to the need to consider investment and borrowing risks and their impact on income.</p>

Budget Assumptions	Financial standing and management assessment/impact
Estimates of the level and timing of capital receipts.	The authority's track record in budget and financial management including the robustness of the medium term plans. Authorities will also need to take into account changes in the property market, and adjust estimates and assumptions for reserves accordingly.
The treatment of demand led pressures.	The authority's capacity to manage in-year budget pressures, and its strategy for managing both demand and service delivery in the longer term.
The treatment of planned efficiency savings/productivity gains.	The authority's virement and end of year procedures in relation to budget under/overspends at authority and department/directorate level. Risk management measures in relation to partnerships, including consideration of risk allocation. Contract provisions designed to safeguard the authority's position in the event of problems arising from outsourcing arrangements.
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.	The adequacy of the authority's insurance arrangements to cover major unforeseen risks. When considering insurance cover, the structure of the cover as well as the overall level of risk should be taken into account. Risk assessments should be used when balancing the levels of insurance premiums and reserves.
The general financial climate to which the authority is subject.	External factors, such as future funding levels expected to be included in Spending Reviews and expected referenda principles and limits, will influence an authority's ability to replenish reserves once they have been used. Any plans for using reserves will need to consider the need and ability of the authority to replenish the reserves, and the risks to which the authority will be exposed whilst replenishing the reserves.

Whilst many of these factors relate to setting the annual budget, the level of risk and uncertainty associated with these factors will be relevant in determining an appropriate level of reserves.

Authorities have been faced by increasing financial pressures since 2008. This has been followed by a period of significant reduction in government funding which is anticipated to continue for some time. Demands on local government services continue to increase.



In addition to reduction in government funding other pressures include:

- councils striving to constrain council tax increases,
- reductions of income,
- new service demands and responsibilities such as:
 - the localisation of non-domestic rates retention, and
 - council tax support
- severe weather and floods.

Furthermore, events such as the losses in Icelandic banks and the problems in global financial markets are likely to mean that Councils will focus on cautious investment strategies. Council budgets and reserves have remained under pressure and are likely to continue to do so for some time.

The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The Director of Resources may choose to express advice on the level of balances in cash and/or as a percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the authority. The Audit Commission Report (December 2012) *Striking a Balance* makes a number of recommendations to both Director of Resources and elected members to better assist councils in their decision making.

The advice should be set in the context of the authority's risk register and medium term plans and should not focus exclusively on short-term considerations. Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term. Advice should be given on the adequacy of reserves over the lifetime of the medium term financial plan, and should also take account of the expected need for reserves in the longer term.

Events such as the floods and severe weather that occurred in recent years have emphasised the need for authorities to be prepared for major unforeseen events. Adequate insurance cover combined with appropriate levels of reserves will enable authorities to manage the demands placed on them in such circumstances. However, these arrangements need to take account of all possible scenarios. An example quoted in the Audit Commission report *Staying Afloat* is that the total cost of the flooding was reduced where authorities had specifically considered the impact of a wide scale, serious event affecting many assets, and had taken appropriate action,



for example, negotiating insurance policies that capped the total excesses linked to one event.

Part of the risk management process involves taking appropriate action to mitigate or remove risks, where this is possible. This in turn may lead to a lower level of reserves being required, and it would be appropriate to consider reducing the level of balances held where appropriate action to mitigate or remove risks has been successfully undertaken. A balance will need to be found between maintaining adequate levels of reserves and investing in risk reduction measures. This balance should form part of the risk management process and be considered as part of the annual budget process.

Emergency financial assistance from central government may be available to assist authorities in dealing with the immediate consequences of major unforeseen events, normally under the Emergency Financial Assistance to Local Authorities scheme (commonly known as the 'Bellwin' scheme). However, there is no automatic entitlement to financial assistance, and where financial assistance is given, it will not cover all of the costs even in exceptional circumstances. Authorities should plan to have access to sufficient resources (through reserves, insurance or a combination of both) to cover the costs of recovering from events that are likely to be unavoidable.

When considering the level of reserves, it would be appropriate for authorities to take into account the likely level of Government support that would be available, and to consider how the balance would be funded in the event of an unforeseen event occurring.

Flooding, the effects of severe weather and the impact of the problems experienced by the global financial markets are examples of external risks which local authorities may need to take into account in setting levels of reserves and wider financial planning. An assessment of external risks should not be limited to those issues, but should range more widely, to take account of all significant external risks identified through the authority's risk management processes.

Director of Resources Reporting

The Director of Resources director has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Director of Resources. To enable the Council to reach its decision, the Director of Resources should report the factors that influenced their judgement, and ensure that the advice given is recorded formally.

Where the Director of Resources's advice is not accepted this should be recorded formally in the minutes of the Council meeting.



It is recommended that:

- the budget report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the addition to/withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure
- this should be accompanied by a statement from the Director of Resources on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the authority's medium term financial strategy
- a statement reporting on the annual review of earmarked reserves should also be made at the same time to the Council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balances.

Reserves Held

The Council will not hold a general reserve as this is accounted for within the General Fund balance. General reserves have no restriction on their use and can be used to smooth the impact of significant pressures across years, offset the budget requirement in year, and to mitigate the risks of unexpected events or emergencies. The restructuring reserve is used to smooth budget pressures over the medium term.

Earmarked reserves are usually created and held for one of the five main reasons below:

1. Service restructuring – to fund the costs of organisational changes so that the beneficial impact of savings achieved may be immediately realised in revenue budgets.
2. Renewals – to enable services to plan and finance an effective programme of equipment replacement and planned property maintenance. These reserves are a mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets.
3. Insurance – to meet the estimate of future claims to enable the Council to meet excesses not covered by insurance.
4. Losses – such as breaching the partial exemption VAT threshold, uninsured losses and other liabilities.
5. Other earmarked reserves will be set up from time to time to meet known or predicted liabilities, such as future predicted budget demand pressures.



The Council has the following financial reserves:

1. Medium Term Financial Plan Support reserve - budget support identified in the Medium Term Financial Plan.
2. Service Transformation - funds for service redesign and investment in efficiencies from the Budget Strategy; funds set aside for efficiency bids from services.
3. Renewals - revenue funds set aside for capital projects and cyclical renewal of major items.
4. Insurance - funds set aside for excesses payable over the medium term.
5. Losses - funds set aside for the partial exemption VAT threshold, the MMI scheme of arrangement and any uninsured losses.
6. Earmarked reserves - contingency reserve for the funds set aside to cover one-off items that are not set in the revenue budget; apprenticeships reserve for the funds set aside for the apprentice positions created by the Council; welfare support reserve for the funds set aside to support discretionary housing payments and external funding.

There are also ring-fenced reserves which are funds received and set aside in accordance with the grant funding source. These can only be used for specific expenditure and are not available for transfer or general use.

Holding Reserves

The Council recognises the need to hold and maintain reserves but also recognises the opportunity cost of holding balances as reserves. For this reason it is important to set out clearly, and regularly review, the framework through which reserves are managed.

The management of financial reserves is a key tool of the Council's overall strategy which has two key objectives:

- achieving stable and sustainable budgets throughout the medium term; and
- ensuring resources are effectively focussed on priorities.

Underpinning the achievement of these objectives is the recognition of the need to manage risk. This could be the increased risks of volatility in planning assumptions in uncertain economic times, or the risks to Government funding as a result of significant future funding reviews.

Building Reserves

The Director of Resources is authorised to annually review and recommend the appropriate level of revenue balances during the budget setting process and at the



end of the financial year. The Director of Resources will take into consideration all relevant factors at the time of the review. The bases and reasons for recommending a certain level will be reported to committee as part of the budget setting process and/or as part of the final accounts reporting stage.

Earmarked reserves may be established, as part of setting the budget, for a specific purpose to be used in the future. Or they can be created at the end of the financial year if the final outturn allows the creation of a new reserve or the addition to an existing reserve. Adding funds into financial reserves is the responsibility of full Council.

Using Reserves

Revenue balances can be used to meet the cost of emergencies, unexpected events or un-budgeted statutory items. The Director of Resources can authorise this type of expenditure but must report it to committee at the earliest opportunity.

Revenue balances may be used to supplement un-budgeted but necessary expenditure that could impact on service delivery if not incurred. The Director of Resources can authorise this expenditure up to a limit of 1% of the net revenue budget after consultation with the Executive Director. The Director of Resources must also ensure that such expenditure would not have a detrimental effect on the overall finances of the Council.

Earmarked reserves can only be used for the purpose for which they were created. The Executive Committee, however, can change the use of the earmarked reserve if it so wishes or move funds between reserves but cannot increase the overall reserves of the Council.

Earmarked reserves created for general use must have the Executive Committee approval before they are used for a specific purpose. The Executive Committee, on the recommendation of the Director of Resources, can eliminate or reduce the funds in the earmarked reserves by adding them to the revenue balances.

Other Protocols

Any under spending on the revenue budget is not permitted to be carried forward to the following year. It will revert back to the revenue balance.

This policy will be subject to periodic review and approval by the Executive Committee and where necessary, full Council.

Minimum Reserves

The General Fund minimum balance for 2016-2017 has been assessed as £2.3m and should preferably be held above that level if possible.



The losses reserve also has a minimum level as the items that this covers are not included in the General Fund balance; these are different in nature and do not lend themselves to risk analysis, being fully payable when they are triggered. The losses reserve includes the partial exemption VAT threshold £171k, the MMI scheme of arrangement £210k and any uninsured losses £250k.

The Housing Revenue Account minimum level calculated differently to the General Fund. In previous years a blended risk factor of 5% has been applied to the gross expenditure (or gross income as it is a balanced budget). However, given the challenges that welfare reforms create for rent collection, it is prudent to increase the risk factor to 10%. This makes the 2016-2017 HRA minimum balance £1.2m.

The Housing Revenue Account has maintained balances above the minimum level for a number of years. The levels will be reviewed annually and for both the introduction of Universal Credit and the investment plans in the 30-year Business Plan.

The following Section sets out the calculation of the General Fund balance for 2016-2017 based on the estimated impact of the risks facing the Council and the likelihood of the financial impact if it materialises.

Risk Based Assessment of the Level of General Fund Balance

Risk Area	Comments including any mitigation factors		
Changes since the budget was set	Potential risk that things change since the budget estimates were made and the estimates are then under budgeted for.		
	Calculated Risk		
Specific Areas	Estimated Exposure £	Likelihood Percentage	Balance Required £
Staff pay	4,847,850	1%	48,478.50
Contractual inflation	6,603,620	1%	66,036.20
Utility inflation	704,150	1%	7,041.50
Total			121,556.20

Risk Area	Comments including any mitigation factors		
Income from areas within the base budget where the Council raises fees and charges	Potential risk that the budgeted level of income from activities where the Council is charging for services will not be achieved. This is anticipated largely to be as a result of a downturn in the economy, but could also be as a result of poor weather or new competition. All fees and charges income is reviewed as part of the monthly/quarterly budget monitoring process. All budgets are set based on previous experience and to reflect any new requirements.		
		Calculated Risk	
Specific Areas	Estimated Income £	Likelihood Percentage	Balance Required £
Car parking pay and display ticket sales	612,950	10%	61,295.00
Development and building control	405,100	10%	40,510.00
Land charges income	120,880	10%	12,088.00
Recycling income	574,210	20%	114,842.00
Indoor market	272,110	5%	13,605.50
Leisure income	828,130	10%	82,813.00
Commercial property income	1,208,830	5%	60,441.50
Total			385,595.00

Risk Area	Comments including any mitigation factors		
Demand led budgets	Potential risk that spending on parts of the budget where the Council has a legal duty to provide the service increases significantly. Individual budgets are reviewed as part of the budget monitoring process.		
		Calculated Risk	
Specific Areas	Estimated Exposure £	Likelihood Percentage	Balance Required £
Housing benefit maximum risk based on not meeting minimum threshold for Local Authority errors.	101,572.94	90%	91,415.65
Total			91,415.65



Risk Area	Comments including any mitigation factors		
Estimated balances required for any over spend or under recovery of expenditure and income	This calculation is based on the Council's net revenue budget and services to cushion the impact of uneven cash flows.		
	Calculated Risk		
Specific Areas	Estimated Exposure £	Likelihood Percentage	Balance Required £
Gross income	38,134,340	1.5%	572,015.10
Gross expenditure	40,009,580	1.5%	600,143.70
Total			<u>1,172,158.80</u>

Risk Area	Comments including any mitigation factors		
Other risks	Potential risk that savings will not be realised, that contract renewals require additional funding, that under-borrowing for cashflow purposes cannot be maintained and that Business Rates drop below the Safety Net.		
	Calculated Risk		
Specific Areas	Estimated Exposure £	Likelihood Percentage	Balance Required £
Service saving options	774,290	5%	38,714.50
Service saving options	502,605	40%	251,302.50
Major contract renewals	2,977,760	5%	148,888.00
Borrowing costs	1,345,850	2.89%	38,895.07
Safety Net for Business Rates	214,803	10%	21,480.30
Total			<u>499,280.37</u>

Calculated level of balance for General Fund based on risk 2,270,006.02

Minimum level of General Fund balance 2,300,000

General Fund Financial Reserves

	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m	£m	£m
General Fund Balance	2.30	2.30	2.30	2.30	2.30	2.30
MTFP Support	2.87	2.87	2.54	1.23	-	-
Service Transformation	0.78	0.63	0.63	0.32	0.15	0.10
Renewals Reserve	1.99	0.40	0.31	0.16	0.11	-
Insurance Reserve	0.10	0.06	0.06	0.04	0.02	-
Losses Reserve	0.63	0.63	0.63	0.63	0.63	0.63
Budget Contingency	1.37	1.21	0.43	0.29	0.22	0.11
Others Reserves	0.48	0.32	0.16	0.10	0.05	0.01
Total	10.52	8.42	7.06	5.07	3.48	3.15

Ring-Fenced:

	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m	£m	£m
Woodbridge Haven	0.52	0.67	0.82	0.82	0.82	0.82
James Freel Close	0.09	0.04	0.03	0.03	0.03	0.03
Earmarked Revenue Grants	0.69	0.50	0.38	0.18	0.08	-
Total	1.30	1.21	1.23	1.03	0.93	0.85
Grand total	11.82	9.63	8.29	6.10	4.41	4.00

EXECUTIVE COMMITTEE	(R) Agenda Item 15
Date of Meeting: 9th March, 2016	
Reporting Officer: Director of Resources	
<p>Title: Treasury Management Strategy Statement</p> <p>Summary and Conclusions:</p> <p>This report sets out the Treasury Management Strategy Statement for 2016-2017 to 2019-2020. The Local Government Act 2003 requires the Council to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out capital and treasury management activities.</p> <p>Recommendations:</p> <p>To recommend the Council approve the Treasury Management Strategy Statement, including:</p> <ol style="list-style-type: none"> 1. The prudential indicators and limits for 2016-2017 to 2019-2020; and 2. The Minimum Revenue Provision statement which sets out the Council's policy for charging revenue. 	

Report

This report sets out the Treasury Management Strategy for 2016-2017 to 2019-2020.

The Local Government Act 2003 requires the Council to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out capital and treasury management activities. The objectives of the CIPFA Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with the treasury management strategy.

The Treasury Management Strategy Statement for 2016-2017 to 2019-2020 is attached at **Appendix 9** and details:

- The capital prudential indicators for 2016-2017 to 2019-2020 which highlight the following:
 - Projected capital expenditure plans and funding;
 - The Council's borrowing need (the Capital Financing Requirement CFR);

- The Minimum Revenue Provision (MRP) Policy Statement , i.e. if the Council was to borrow how much it would charge the revenue account for the cost of borrowing;
 - The estimates, limits and prudence of future debt levels; and
 - The affordability impact of the capital programme.
- The treasury management strategy which covers:
 - The Council's debt and investment projections;
 - The Council's borrowing and investment strategies; and
 - Specific limits on treasury activities.

The capital prudential indicators and treasury management strategy give both a position statement and details of the future position of the Council's capital and treasury plans.

The revenue implications of the Treasury Management Strategy Statement are included in the Medium Term Financial Plan projections.

Members are asked to recommend that Council approve the Treasury Management Strategy Statement, including the prudential indicators and limits and Minimum Revenue Provision statement.

(i) Legal Implications

The Local Government Act 2003 requires the Council to adhere to the CIPFA Prudential Code for Capital Finance in Local Authorities.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

The financial implications are set out in the body of the report.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Wellbeing Implications

This recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

Treasury Management Strategy Statement

1 INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

"The management of the local authority'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."

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A treasury management monitoring report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision. This is incorporated into the quarterly finance reports.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Executive Committee.

1.3 Treasury Management Strategy for 2016-2017

The strategy for 2016-2017 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Treasury management consultants

The Council uses Capita Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2016-2017 – 2019-2020

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need:

Capital expenditure	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m	2018-19 Estimate £m	2019-20 Estimate £m
HRA	2.289	1.964	1.916	1.872	1.872
General Fund	2.615	2.817	1.520	1.245	1.270
Total	4.904	4.781	3.436	3.117	3.142
Financed by:					
Capital receipts	0.139	1.041	0.200	0.450	0.450
Capital grants	0.895	1.490	0.600	0.625	0.650
Reserves	3.870	1.964	1.916	1.872	1.872
Total	4.904	4.495	2.716	2.947	2.972
Net financing need for the year	0.000	0.286	0.720	0.170	0.170

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life. The Council is asked to approve the CFR projections below:

Capital financing requirement	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m	2018-19 Estimate £m	2019-20 Estimate £m
HRA	20.554	19.684	18.815	17.945	17.075
General Fund	21.731	21.180	21.080	20.417	19.793
Total	42.285	40.864	39.895	38.362	36.868
Movement	-2.088	-1.421	-0.969	-1.533	-1.494
Represented by:					
Net financing need for the year	0.000	0.286	0.720	0.170	0.170
Less MRP/VRP and other financing movements	-2.088	-1.707	-1.689	-1.703	-1.664
Movement	-2.088	-1.421	-0.969	-1.533	-1.494

2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Based on CFR** – MRP will be based on the CFR (option 2);

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

These options provide for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place). The HRA Business Plan under self-financing includes a voluntary revenue provision to repay the debt on the account.

2.4 Use of resources and the investment position

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

2.5 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.6 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Ratio	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
HRA	15%	16%	14%	14%	14%
General Fund	12%	13%	13%	13%	12%

The estimates of financing costs include current commitments and the proposals in this budget report.

2.7 Incremental impact of capital investment decisions on council tax

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not finalised for future years.

Incremental impact of capital investment decisions on the band D council tax

Impact	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Band D	-	-	-	-	-

2.8 Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

Incremental impact of capital investment decisions on housing rent levels

Impact	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Weekly housing rent	-	-	-	-	-

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2015, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

External debt	2015-16 Estimate £m	2016-17 Estimate £m	2017-18 Estimate £m	2018-19 Estimate £m	2019-20 Estimate £m
At 1st April	39.479	39.479	39.479	39.479	38.479
Expected change	0.000	0.000	0.000	-1.000	-1.000
Gross debt at 31st March	39.479	39.479	39.479	38.479	37.479
Capital financing requirement	42.285	40.864	39.895	38.362	36.868
Under/(over) borrowed	2.806	1.385	0.416	-0.117	-0.611

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016-17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary - this is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Total	£42m	£42m	£43m	£42m	£41m

The authorised limit for external debt - a further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term:

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Total	£54m	£54m	£54m	£54m	£55m

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA debt limit	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Total	£36.367m	£36.367m	£36.367m	£36.367m	£36.367m

3.3 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2016-17 treasury operations. The Director of Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.*

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

The Council will maintain the current prudent borrowing strategy to support the approach of minimising counterparty risk.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Interest rate exposures	2015-16 Estimate	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate
Upper limit for fixed interest rate exposure on debt	£42m	£42m	£43m	£42m	£41m
Upper limit for variable interest rate exposure on debt	£13m	£13m	£13m	£13m	£13m

Maturity structure of fixed rate borrowing 2016-2017	Lower	Upper
Under 12 months	0%	20%
12months to 1 year	0%	20%
2 years to 5 years	0%	50%
5 years to 10 years	0%	75%
10 years and above	0%	100%

3.4 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting.

3.5 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Executive Committee, at the earliest meeting following its action

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of these reflect in the eyes of each agency. Using the Sector ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a

monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk.

Investment instruments identified for use in the financial year are listed in paragraph 5 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, then the institution will fall outside the lending criteria. Credit rating information is supplied by Sector,

our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AAAand have, as a minimum, the following Fitch, Moody's and Standard and Poor credit ratings (where rated):
 - i. Short term – F1, P-1,A-1
 - ii. Long term – AA-, Aa3, AA-
- Banks 2 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Building societies. The Council will use all societies which:
 - i. meet the ratings for banks outlined above;
 - ii. Have assets in excess of £500 million;or meet both criteria.
- Money market funds
- UK Government; including gilts and the Debt Management Accounts Deposit Facility (DMADF)
- Local authorities and parish councils

Country and sector considerations - Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above. In addition:

- no more than 10% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are set out in paragraph 5 for approval.

4.3 Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from Fitch. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations - Bank Rate is forecast to remain unchanged at present, so the revenue budget is based on achieving a weighted average return of 0.5%.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

	2015-16	2016-17	2017-18	2018-19	2019-20
Maximum principal sums invested >364 days	£1m	£1m	£1m	£1m	£1m

4.5 Investment risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.1% historic risk of default when compared to the whole portfolio.

Liquidity – in respect of this area the Council seeks to maintain:

- Liquid short term deposits of at least £2m available with a week's notice.
- Weighted average life benchmark is expected to be 0.15 years, with a maximum of 0.75 years.

Yield - local measures of yield benchmark

- Investments – internal returns above the 7 day LIBID rate

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 TREASURY MANAGEMENT PRACTICE (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 14/3/2002 and will apply its principles to all investment activity. In accordance with the Code, the Director of Resources has produced its treasury management practices (TMPs). This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.

- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. A local authority, parish council or community council.
3. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled investment vehicles, such as money market funds, rated F1, P-1, A-1 by Standard and Poor's, Moody's or Fitch rating agencies.
4. A body that is considered of a high credit quality (such as a bank or building society. For category 5 this covers bodies with a minimum short term rating of F1, P-1, A-1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. This criteria is:

	Fitch long term rating or equivalent	Time limit	Money limit
Limit 1: long term	AA-	5 years	£2m
Limit 2: short term Council's own bank	F1	1 year	£10m
Limit 3: short term banks & building societies	F1 or institution with £500m+ of assets	1 year	£3m
Other institutions limit	-	1 year	£5m
DMADF	AAA	1 year	Unlimited
Local authorities	-	1 year	£5m

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in the following table.

Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. The value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	£5m 5 years
b.	The Council's own banker - HSBC	£10m
c.	Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £500m, but will restrict these type of investments to £3m and a time limit of 1 year.	£3m 1 year
d.	Any bank or building society that has a minimum long term credit rating of AA-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£3m 1 year
e.	Any non-rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to the parent bank having the necessary credit rating to qualify in its own right.	£5m 1 year
f.	Local authorities	£5m 1 year

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Resources, and if required new counterparties which meet the criteria will be added to the list.

EXECUTIVE COMMITTEE	(R) Agenda Item 16
Date of Meeting: 9th March, 2016	
Reporting Officer: Director of Resources	
Title: Parental Leave Policy	
Summary and Conclusions:	
The Council adopted the NJC Parental Leave model scheme in 2001 which enhances the basic rights of employees under this legislation. Since this time, changes to both Council policy and to legislation have enhanced the options of employees with regard to other types of leave.	
Recommendations:	
To recommend the Council to agree to adopt the 'default' Parental Leave scheme limiting parental leave to a maximum of four weeks per year, in one week blocks. This overrides the decision to amend the policy at Executive Committee on 20th January 2016.	

Report

The Council's Parental Leave Policy was implemented in 2001 and the Council adopted the NJC Parental Leave model scheme which enhances the basic rights of employees under this legislation.

Since this time, changes to both Council policy and to legislation have enhanced the options of employees with regard to taking leave. The Council offers up to two weeks additional annual leave, the flexi scheme allows a potential of 13 days leave per year, and the flexible working policy provides a route for employees to request a reduced working hour's arrangement on a temporary or permanent basis.

As the current policy stands, managers do not have the discretion to reject applications under this enhanced Parental Leave policy, only to defer for up to three months.

Under the current enhanced policy there are three ways in which parental leave can currently be taken, all with 7 days' notice:

1. As a single block of 18 weeks
2. As a number of shorter periods of a minimum of a half day

3. In patterns which provide a part time or reduced hours working arrangement for a period of time equivalent to taking 18 weeks leave as a single block

This Committee on 20th January 2016 Members agreed to remove this third option and also to extend the notice period to 14 days.

However, this current policy gives managers no discretion of approval and the Council already offers a generous package of leave options. The majority of authorities within Cumbria do not enhance Parental Leave options and provide only the default scheme. A copy is attached at **Appendix 10**.

The 'default' Parental Leave legislation allows up to four weeks leave per year in one week blocks with 21 days notification required. Managers would not have discretion to reject applications under this legislation but could defer for 6 months for justifiable business reasons

Members are asked to approve these amendments and to adopt the default Parental Leave scheme.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no implications.

(iii) Financial Implications

The recommendation has no financial implications.

(iv) Health and Safety Implications

The recommendation has no implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

Barrow Borough Council

Parental Leave

1. Scope of the Policy

This policy applies to all Council employees. Where other Council policies provide for paid leave, those policies will be applied where appropriate, for example, maternity support leave.

2. The Right to Parental Leave

The right to parental leave is a statutory right introduced by the Employment Relations Act 1999 and the Maternity and Parental Leave Regulations 1999, and amended under the Maternity and Parental Leave (Amendment) Regulations 2001 and the Parental Leave (EU) Regulations 2013, The right is to 18 weeks' unpaid leave for the purpose of caring for a child. The Maternity and Parental Leave etc. (Amendment) Regulations 2014 extended the age limit **up to the age of 18** for both adoptive and birth parents.

3. Who qualifies?

Service:-

Employees must have at least 1 years' continuous service with the Authority. If requested, evidence of the relevant period of service must be provided.

Definition of a qualifying child :-

The right applies in respect of children born on or after 15th December 1999, and children who were under 5 on 15th December 1999, and lasts until the child's 18th birthday.

Definition of a parent:-

- the mother or father of a child (named on the birth certificate) who is under 18 years old
- the father (if not covered by the above) if he has acquired parental responsibility under the Children Act 1989
- have acquired or expect to acquire formal parental responsibility under the Children Act 1989 for a child under 18
- have adopted or expect to acquire a child under the age of 18

4. Evidence

On applying for parental leave on the first instance for that child, the employee must produce a copy of the child's birth certificate. If this does not show proof of parental

responsibility the employee may be required to produce further evidence, for example, adoption papers.

5. Taking Parental Leave

Parental leave must be taken in blocks of one week. A 'week' equals the length of time an employee normally works in a week. For example, if an employee works 3 days a week, one 'week' of parental leave equals 3 days. If an employee works irregular weeks the number of days in a 'week' is the total number of days they work a year divided by 52.

If an employee wishes to take parental leave for a shorter period than one week (for example, two days), that will constitute a week's leave for the purpose of calculating their 18 weeks' parental leave entitlement. The exception to this is for parents of disabled children who can take leave in blocks of one day.

A maximum of four weeks' parental leave can be taken by an employee during any one year, the year running from the date on which the parent became entitled to parental leave.

6. Notice

An employee is required to give as much notice as possible with a minimum of 21 days' notice in writing. If an employee wishes to take leave immediately after the birth or adoption of a child, she/he should give a minimum notice of 21 days before the expected week of childbirth/adoption.

7. Postponement of Parental Leave

Parental leave can be postponed where undue disruption would be caused to the service. Leave will be postponed no longer than is necessary and in any event no more than 6 months.

Leave cannot be postponed if the leave immediately follows childbirth, adoption or maternity support leave.

8. Terms and conditions during parental leave

All contractual terms and conditions will remain during the period of parental leave, other than remuneration. Should an employee fall sick during a period of parental leave, provided that contractual notifications are made, they will be paid their contractual sick pay.

Seniority, pension rights and rights to any other service-related benefits are unaffected by parental leave.

9. Public and bank holidays and extra-statutory days

Where a public or bank holiday or an extra-statutory day falls during parental leave, normal pay for that day will be provided where the employee has specified that they do not wish to take that day as parental leave.

10. Record keeping

Requests for parental leave should be made on an 'Application for Parental Leave' form, available from the Intranet or HR Department. Once approved by their line manager, it should be sent to the HR Department for approval and logging. New employees will be asked to declare any parental leave they have already taken with previous employers.

11. Misuse of the parental leave scheme

Any misuse of the scheme will be dealt with under the Council's disciplinary procedure. The following will constitute misuse:

- Taking leave for purposes other than for caring for a child. This will generally be in circumstances where someone other than the employee is taking primary responsibility for the child.
- Making a false statement as to entitlement to parental leave, for example the age of the child, the relationship with the child, or the amount of parental leave taken with a previous employer.

12. Multiple contracts

Where an employee works in more than one Council department this will not affect the total leave entitlement. Any proposed postponement of leave must be discussed between line managers and a convenient time for the parental leave to be taken agreed, within 6 months of the original request.

13. Applying for parental leave

Parental leave in principal must be agreed and approved in the first instance with the HR Department. All leave for that particular child may be approved by line managers and notified to the HR Department on the Parental Leave Application form.

ALL REQUESTS FOR PARENTAL LEAVE MUST BE AUTHORISED BY THE HR DEPARTMENT ONCE APPROVAL HAS BEEN GIVEN BY LINE MANAGERS. PLEASE CONTACT THE HR DEPARTMENT FOR FURTHER ADVICE OR TO OBTAIN A PARENTAL LEAVE APPLICATION FORM.

Parental Leave Application Form

Personnel and Performance Department, February 2001

(Updated January 2002 & November 2002 & November 2013)

Amended June 2015

Draft amendment 4.2.16

EXECUTIVE COMMITTEE	(R) Agenda Item 17
Date of Meeting: 9th March, 2016	
Reporting Officer: Director of Resources	
<p>Title: Pay Policy</p> <p>Summary and Conclusions:</p> <p>The Council's Pay Policy is subject to review on an annual basis being approved at Council by 31st March each year.</p> <p>This Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.</p> <p>The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees.</p> <p>Recommendations:</p> <p>To recommend the Council to agree to the minor changes to the Pay Policy for 2016/17.</p>	

Report

The Council's Pay Policy is subject to review on an annual basis being approved at Council by 31st March each year. A copy is attached at **Appendix 11**.

This Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.

The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying;

- The detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
- Executive committee are responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to full Council.

Minor amendments have been made to the policy to reflect salary changes and the resulting update to the pay multiple (see section on Lowest Paid Employees).

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no implications.

(iii) Financial Implications

The recommendation has no financial implications.

(iv) Health and Safety Implications

The recommendation has no implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

Barrow Borough Council Pay Policy Statement 2016/17**Background**

Under section 112 of the Local Government Act 1972, the Council has the 'power to appoint officers on such reasonable terms and conditions as authority thinks fit'. This Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.

The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees by identifying;

- The detail and level of remuneration of its most senior staff i.e. 'chief officers', as defined by the relevant legislation;
- Executive committee are responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to full Council.

The Pay Policy Statement was approved by full Council on 20th March 2012 coming into immediate effect and is subject to review on an annual basis being approved by 31st March each year.

Other legislation relevant to pay and remuneration

In determining the pay and remuneration of all of its Chief Officers, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.

Pay Structure for Chief Officers

The Council uses locally determined rates with spot salaries, which are subject to pay increases negotiated with joint trade unions, via the national pay bargaining arrangements (the JNC for Chief Officers).

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.

From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate.

Any temporary supplement to the salary scale for the grade, for example ex-gratia payments and honoraria, is approved in accordance with the Council's constitution, i.e. via Executive Committee and approved at full Council.

Chief Officer Remuneration

For the purposes of this statement, senior manager means 'chief officers' are defined below. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st January 2016. In addition to the Executive Director, there are 4 employees designated as Chief Officers and receiving salaries over £45,000 per annum. The Council's Organisation Structure is attached at Appendix 1.

Executive Director

Salary currently set at £93,840 pa (spot salary)
Set by Council in January 2012 as part of Budget Strategy for 2012-2015
Will receive any inflationary increases agreed as part of national negotiations under the auspices of the JNC for Chief Executives
Will not receive Returning Officer fees
Will not be subject to performance related pay
Will be published as part of transparency agenda

Director of Resources

Salary set at £75,072 pa (spot salary – 80% of Executive Director pay)
Set by Council in January 2014 as part of management restructure.
Will receive any inflationary increases agreed as part of national negotiations under the auspices of the JNC for Chief Officers
Will not be subject to performance related pay
Will be published as part of transparency agenda

Assistant Director Regeneration & Built Environment Assistant Director Community Services

Salary set at £47,940 pa (spot salary - 51% of Executive Director pay)
Set by Council in January 2012 as part of Budget Strategy for 2012-2015
Will receive any inflationary increases agreed as part of national negotiations under the auspices of the JNC for Chief Officers
Will not be subject to performance related pay

Assistant Director – Housing

Salary set at £47,940 pa (spot salary - 51% of Executive Director pay)
Set by Council in January 2014 as part of management restructure.
Will receive any inflationary increases agreed as part of national negotiations under the auspices of the JNC for Chief Officers
Will not be subject to performance related pay

Recruitment of Chief Officers

The Council's policy and procedures with regard to recruitment of chief officers is set out within the Recruitment Policy (Appendix 2) and as set out in the Constitution. Executive Committee or a sub-committee will make all chief officer appointments.

When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own policies (Recruitment Policy, Appendix 2, Organisational Change Policy, Appendix 5) as approved by Council.

The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment.

Additions to Salary of Chief Officers

The level of remuneration is not variable dependant upon the achievement of defined targets.

To meet specific operational requirements it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration relating to temporary additional duties are set out in the NJC Terms and Conditions for Local Government Services for calculation of honoraria, and the Councils Ex-gratia Payments Policy (Appendix 3).

In addition to basic salary, the following posts receive elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses occurred in the fulfilment of their duties;

<i>Post</i>	<i>Payment Details</i>
Chief Officers	Lump Sum Car Allowances

Payments on Termination

The Council's approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within the Early Retirement Policy (Appendix 4) and Organisational Change Policy (Appendix 5) in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) Discretionary Compensation) Regulations 2006.

The Council has a voluntary redundancy scheme in place aimed at encouraging volunteers and reducing the need for compulsory redundancies. This scheme uses the statutory calculator (age/length of service) to determine the number of weeks pay volunteers will be entitled to, subject to a maximum of 30 weeks' pay. Actual pay is used in the calculation NOT the statutory maximum.

For volunteers aged over 55 and entitled to early access to pension, there will be no discretionary additions to payments.

The severance terms apply to all employees of the Council.

Any payments falling outside the provisions of the above policies, (pay in lieu of notice, working notice, gardening leave etc) will be made on a case by case basis and shall be subject to a formal decision by Executive Committee and approved by Council.

Settlement Agreements

Under the Enterprise and Regulatory Reform Act 2013 the Council will use Settlement Agreements where there exists a clear and real risk of an Employment Tribunal case and where it is commercially expedient to do so. Settlement Agreements will not be considered as normal protocol when employment terminates.

Settlement Agreements are not necessary in a voluntary or compulsory redundancy scenario. If the Council's redundancy policy and procedure has been complied with and if a Senior Manager's employment has been terminated with proper notice and where any dismissal is fair, a Settlement Agreement is unnecessary. In addition, the Council avoids having to pay the legal fees incurred by the employee for the review of the agreement. The Council will therefore only use Settlement Agreements where there exists a real risk of Employment Tribunal litigation.

Publication

Upon approval by full Council, this statement will be published on the Council's website.

Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal point with the Council's grading structure.

As at 1st October 2015, this is £13,614 per annum (spinal column point 6).

The current pay levels within the Council (at 1.1.2016) gives the multiple between the median full time equivalent earnings and the Executive Director as 4.4:1.

The ratio between the lowest paid employees and the Executive Director is 6.98:1.

Accountability and Decision Making

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

Re-employment / Re-engagement of former Chief Officers

The Council will not normally re-employ/re-engage former Chief Officers.

Appendices

Appendix 1	Organisation Structure
Appendix 2	Recruitment Policy
Appendix 3	Ex-gratia Policy
Appendix 4	Early Retirement Policy
Appendix 5	Organisational Change Policy

EXECUTIVE COMMITTEE		Part One (D) Agenda Item 18
Date of Meeting:	9th March, 2016	
Reporting Officer:	Executive Director	
<p>Title: England Coastal Path – Walney Island</p> <p>Summary and Conclusions:</p> <p>The report updates Members on progress with the England Coastal Path, which will in places cross land owned by the Council.</p> <p>Recommendations:</p> <p>To note the report.</p>		

Report

Background

Under the terms of the Marine and Coastal Access Act 2009, Natural England has a duty to make proposals to the Secretary of State for a long distance walking route around the English coast, and for an adjoining margin of land (“the coastal margin”) where the public will also have a right of access on foot. As part of this process, Natural England will consult with landowners whose land will be crossed by the proposed route. When proposals are made to the Secretary of State, they will also be published on line, and subject to a formal 8-week consultation period.

The Coastal Path on Walney

The coastal path will have a section around Walney, which will start and finish at Jubilee Bridge, and link with the section of the main coastal path that runs from Silecroft to Silverdale. Work on the Walney section is slightly more advanced than the Silecroft to Silverdale section. Representatives from Natural England have met with Council officers on the affected parts of Walney that are owned by the Council. These sections are:

- Earnse Bay
- Biggar Bank (Sandy Gap – Thorney Nook)
- Piel Island
- Tummer Hill
- Promenade Slipway
- North Scale (approx. 10m stretch only)

Natural England have made initial proposals to us about the route of the Coastal Path. The proposed route will create trail sections that use existing rights of way or permissive walked routes, and does not propose any new access onto the Council's land. The proposed coastal margin will also only include Council land where there is already public access.

There are not anticipated to be any significant infrastructure requirements on the new route, other than way markers. Any necessary infrastructure will be maintained by the County Council.

Members should also note that the creation of the new coastal access rights is associated with the lowest level of occupiers' liability under law – lower than the duty of care owed to trespassers on private land. There is therefore no new liability for the Council in this respect.

Natural England has asked for any initial comments on their proposals to be made to them before 24th March 2016, prior to making formal recommendations to the Secretary of State and the formal consultation period starting.

Future Changes

Natural England have noted that the coast on the west side of Walney is subject to coastal erosion. They therefore propose that the route of the coastal path should be able to roll back in response to erosion. We would be consulted on the need for future changes should this be necessary.

(i) Legal Implications

The recommendation has no legal implications for the Council.

(ii) Risk Assessment

The recommendation has no implications.

(iii) Financial Implications

The recommendation has no financial implications.

(iv) Health and Safety Implications

The recommendation has no Health and Safety implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on Health and Wellbeing.

Background Papers

Correspondence and proposal maps held by the Property Services Group Manager.

EXECUTIVE COMMITTEE	(D) Agenda Item 19
Date of Meeting: 9th March, 2016	
Reporting Officer: Corporate Support Apprentice	
<p>Title: Performance Management</p> <p>Summary and Conclusions:</p> <p>Provide Members with the Council's performance management outturn for Q1/3 2015/16.</p> <p>Recommendations:</p> <p>Members are invited to consider the performance figures and determine whether further action is required.</p>	

Report

The Council has a performance management framework to help deliver our priorities.

1. **Housing** – the Council is committed to continuing to provide a greater choice of good quality housing and regenerate the oldest and poorest housing in the Borough.
2. **Regeneration and Public Realm** – the Council is committed to working with partners and service providers to enhance the built environment and public realm
3. **Local Economy** – the Council is committed to work on mitigating the effects of cuts in public spending, their impact on the local economy and working to secure a long term economic recovery for the community.
4. **Service Delivery** – the Council strives to provide good quality, efficient and effective services while reducing overall expenditure.

Key performance Indicators

The table is a selection of performance data along side its target for quarter 1, 2&3 of the 2015/16 financial year:

Council indicators for quarter 1-3 2015/16

Table 1: Council indicators for quarters 1 - 3 2015/16

Indicator	Q 1 2 & 3 2014/15	October	November	December
Average time to process new housing benefit claims	17.8	16.3	16.3	16.3
Target		18	18	18
Average time to process new council tax support claims	17.3	16.2	16.3	16.3
Target		18	18	18
Average time to process changes of circumstances for housing benefit claims	6.3	5.9	5.9	5.9
Target		6	6	6
Average time to process changes of circumstances for council tax support claims	5.4	5.4	5.4	5.5
Target		6	6	6
Park Leisure centre activity numbers	190,037	Currently changing reporting system, figures not available.		
Target		150,692	173,536	190,037
Dock museum visitor numbers	38,673	34,468	39,878	42,470
Target		33,399	37,376	38,673
The forum ticket sales	40,153	28,240	34,380	43,542
Target		26,486	32,184	40,153
Income from Pay and display ticket sales	£454,902	£349,857	£399,802	£445,370
Target		£348,400	£401,000	£453,600
Percentage of local land charges searches completed in 5 working days	98.7%	93.4%	93.8%	94.0%
Target		98%	98%	98%
Percentage of council tax collected	83.06%	66.04%	75.38%	82.93%
Target		66.54%	75.61%	83.06%
Percentage of NNDR collected	84.26%	66.95%	77.21%	86.38%
Target		66.79%	74.89%	84.26%
NNDR liability on void commercial properties	£136,666	£97,700		
Target		£136,000		
Average days of sickness per employee	N/A	7 days		
Target		9 days		
Right to buy sales	14	11 sales		
Target		14 sales		

Indicator	Q 1 2 &3 2014/15	October	November	December
High risk premises due for inspection completed for food safety	N/A	N/A		
Target		70		
Average household recycling percentage	34.96%	34.52%	33.75%	32.92%
Target		36.62%	35.88%	34.96%
Number of disabled facilities grants	45 grants	36 grants	41 grants	55 grants
Target		45 grants	49 grants	59 grants
Percentage of Planning applications processed; major applications in 13 weeks and others in 8 weeks				
Major	75%	68.7%	59.1%	60.9%
Target		60%	60%	60%
Minor	54%	44%	48.3%	50.0%
Target		65%	65%	65%
Other	71%	69.6%	72.3%	74.6%
Target		80%	80%	80%
Supply of ready to develop housing sites - the number of dwellings that can be built on as deliverable housing sites as percentage of housing supply requirement	N/A	120%		
Target		100%		

(i) Legal Implications

The recommendation has no implications.

(ii) Risk Assessment

The recommendation has no significant implications.

(iii) Financial Implications

There are no significant financial implications.

(iv) Health and Safety Implications

The recommendation has no significant implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

EXECUTIVE COMMITTEE	(D) Agenda Item 20
Date of Meeting: 9th March, 2016	
Reporting Officer: Executive Director	
Title: Extension to Period of Exclusivity for 1-5 Lawson Street and 102 Abbey Road	
Summary and Conclusions:	
The report seeks a three month extension to periods of exclusivity granted to The Well CIC and Sonic Zoo CIC in relation to two Council owned properties.	
Recommendations:	
1. To agree an extension of three months to the period of exclusivity in relation to 1-5 Lawson Street to The Well Community Interest Company terminating on 31st May, 2016; and	
2. To agree an extension of three months to the period of exclusivity in relation to 102 Abbey Road to Sonic Zoo Community Interest Company terminating on 31st May, 2016.	

Report

Background

Six month periods of exclusivity were agreed for 1-5 Lawson Street and 102 Abbey Road in September, 2015 to The Well and Sonic Zoo CIC respectively. (Minute 45 Executive Committee 9/9/15).

Both companies have requested a three month extension to allow them to further develop their business plans.

Members may be aware that The Well have been successful in their application to Public Health England to create a 'hub' in Lawson Street. The Council is acting as Accountable Body for these funds.

I have no objection to extending the period of exclusivity at either property, but I have informed both parties that I would recommend no further extensions are offered.

(i) Legal Implications

The effect of a period of exclusivity would be to prevent sale other than to the beneficiary.

(ii) Risk Assessment

1-5 Lawson Street is in a poor condition externally and repairs to the external fabric of the building are required.

(iii) Financial Implications

The recommendation has no financial implications.

(iv) Health and Safety Implications

The recommendation has no implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

EXECUTIVE COMMITTEE	(R) Agenda Item 21
Date of Meeting: 9th March, 2016	
Reporting Officer: Executive Director	
<p>Title: Voting in the Barrow Business Improvement District Ballot</p> <p>Summary and Conclusions:</p> <p>The Council owns 20 properties in the Town Centre above the RV threshold for the Business Improvement District Ballot to be held on 28th April, 2016. The report seeks delegation to the Executive Director in consultation with senior Members for completion of the Ballot forms.</p> <p>Recommendations:</p> <p>To recommend the Council that the Executive Director is authorised to complete the Business Improvement District Ballot for all eligible Council owned properties after consultation with the Leader and Deputy Leader of the Council.</p>	

Report

Background

Members will be aware of the proposal to designate a Business Improvement District (BID) in the Town Centre of Barrow. The Council has supported the BID Steering Group since its inception, offering financial support in the feasibility phases, supporting the costs of their retained consultant and other measures.

BID's operate by raising a levy of between 1-2% on the NDR payments on rateable hereditaments within a defined area for a five year period. In Barrow the Steering Group are proposing a 1.5% levy on all properties within the area shown on the attached plan at **Appendix 12**. Any properties with an RV of £4,000 or less are excluded from the ballot and levy.

The BID Steering Group are currently finalising the BID prospectus – a summary of the proposals that will be put to a ballot of all qualifying properties within the area. The programme for the ballot is as follows:-

- 17th March (no later than) – BBC issues statutory notice of ballot to all affected business, public notices placed in the press
- 24th March – ballot papers posted to all voting businesses

- 28th April – (no later than) – ballot papers returned
- 29th April – ballot result

In order to proceed the BID must secure a majority of the votes cast and a majority of the RV of the votes cast.

As a significant property holder within the defined area, the Council owns 20 hereditaments with an RV in excess of £4,000 and will, therefore, have 20 votes in the ballot. The total RV of all these properties is £541,050.

There is no delegation within the Council's constitution for the BID ballot and the timing, set out above, would prevent Council taking a decision on the ballot. I am, therefore, seeking Council's authority to delegate the ballot decision for all properties in the Council's ownership to myself after consultation with the Council's Leader and Deputy Leader. In arriving at this decision the Council will take into account the prospectus issued by the BID Steering Group.

(i) Legal Implications

The recommendation has no legal implications.

(ii) Risk Assessment

The recommendation has no implications.

(iii) Financial Implications

The cost of the proposed 1.5% levy on all Council owned properties will be £8,115.76 p/a for a five year period. The Council is required to fund the cost of the ballot.

(iv) Health and Safety Implications

The recommendation has no implications.

(v) Equality and Diversity

The recommendation has no detrimental impact on service users showing any of the protected characteristics under current Equalities legislation.

(vi) Health and Well-being Implications

The recommendation has no adverse effect on the Health and Wellbeing of users of this service.

Background Papers

Nil

